CITY COUNCIL
AGENDA

Monday, June 15, 2026 at 1:00 PM

Council Chambers

Mayor
Eric Enriquez

Mayor Pro Tem
John Munoz

Councilors
Cassie McClure
William Mattiace
Michael Harris
Johana Bencomo
Becky Corran

CITY OF LAS CRUCES

CITY HALL
P.O. BOX 20000
LAS CRUCES, NM 88004

700 N. Main St.
PHONE (575) 541-2067

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CONSENT AGENDA

Minutes and Items on the Consent Agenda Are Considered Routine Items and Will Be Voted on with One Motion Unless a Councilor Requests That a Specific Item Be Removed. There Will Be No Discussion.

Page

1. OPENING CEREMONIES

1.1. Pledge of Allegiance - Councilor Corran.

1.2. Presentation of Certificates of Appreciation/Proclamations - Councilor Corran.

1.3. Departmental Highlights.

1.4. Pets of the Week.

2. CONFLICT OF INTEREST INQUIRY BY MAYOR AS REQUIRED BY LCMC SECTION 2-27 (E)(2)

3. PUBLIC PARTICIPATION

4. ACCEPTANCE OF AGENDA

5. CITY COUNCIL MINUTES

5.1. Work Session of May 11, 2026. 5 - 15
Work Session - May 11 2026 - Minutes - Pdf

5.2. Regular City Council Meeting of May 18, 2026. 16 - 47

[City Council - May 18 2026 - Minutes - Pdf]

6. RESOLUTION(S) AND/OR ORDINANCE(S) FOR CONSENT AGENDA

6.1. RESOLUTION NO. 26-150: A RESOLUTION IN SUPPORT OF THE BUREAU OF LAND MANAGEMENT AND NEW MEXICO STATE LAND OFFICE LAND EXCHANGE. 48 - 52

This resolution will approve written support regarding a land exchange.

[Resolution No. 26-150 - Pdf]

6.2. RESOLUTION NO. 26-151: A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES (CITY) TO ACCEPT GRANT AWARDS FOR VARIOUS CITY DEPARTMENTS THROUGH AN AMENDMENT TO THE CITY'S ADOPTED FY2026 BUDGET. 53 - 78

This resolution will approve a grant from the New Mexico Housing Trust Fund.

[Resolution No. 26-151 - Pdf]

6.3. RESOLUTION NO. 26-152: A RESOLUTION AUTHORIZING AND APPROVING SUBMISSION OF A COMPLETED APPLICATION FOR FINANCIAL ASSISTANCE AND PROJECT APPROVAL TO THE NEW MEXICO FINANCE AUTHORITY. 79 - 88

This resolution will approve submission of an application for financing (1) acquiring and constructing flood control infrastructure improvements and (2) paying the expenses related to the execution and delivery of the loan agreement.

[Resolution No. 26-152 - Pdf]

7. RESOLUTION(S) AND/OR ORDINANCE(S) FOR DISCUSSION

7.1. RESOLUTION NO. 26-153: A RESOLUTION APPROVING A REAL ESTATE PURCHASE AGREEMENT BETWEEN THE CITY OF LAS CRUCES AND JOBE MATERIALS, L.P. FOR THE PURCHASE OF 19.914 ACRES OF LAND LOCATED EAST OF THE EAST MESA SPORTS COMPLEX FOR THE PURCHASE PRICE OF TWO HUNDRED EIGHTY-SEVEN THOUSAND TWO HUNDRED FIFTY DOLLARS ($287,250). 89 - 104

This resolution will approve the purchase of property from Jobe Materials to provide the City with a strategic opportunity to expand and enhance the East Mesa Sports Complex and surrounding public facilities.

[Resolution No. 26-153 - Pdf]

7.2. COUNCIL BILL NO. 26-018; ORDINANCE NO. 3110: AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF LAS CRUCES, NEW MEXICO GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS, SERIES 2026 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $22,150,000 FOR THE PURPOSE OF (1) PLANNING, DESIGNING, CONSTRUCTING, PURCHASING, 105 - 144

FURNISHING, EQUIPPING, REHABILITATING, MAKING ADDITIONS TO OR MAKING IMPROVEMENTS TO PUBLIC BUILDINGS AND FACILITIES, INCLUDING THE ACQUISITION OF LAND THEREFORE; (2) CONSTRUCTING, RECONSTRUCTING, RESURFACING, REPAIRING OR OTHERWISE IMPROVING STREETS OR ROADWAYS AND CONSTRUCTING DRAINAGE IMPROVEMENTS; (3) ACQUIRING AND EQUIPPING PUBLIC SAFETY VEHICLES; (4) FUNDING THE RESERVE FUND FOR THE SERIES 2026 BONDS; AND (5) PAYING THE EXPENSES RELATED TO THE ISSUANCE OF THE SERIES 2026 BONDS; PROVIDING THAT THE SERIES 2026 BONDS WILL BE PAYABLE AND COLLECTIBLE FROM THE REVENUES DERIVED FROM (1) A FIRST LIEN, BUT NOT AN EXCLUSIVE FIRST LIEN, ON THE 0.3250% MUNICIPAL GROSS RECEIPTS TAX IMPOSED PURSUANT TO ORDINANCE NO. 3072 AND (2) A SUBORDINATE LIEN, BUT NOT AN EXCLUSIVE SUBORDINATE LIEN, ON THE 0.50% MUNICIPAL GROSS RECEIPTS TAX REVENUES IMPOSED PURSUANT TO ORDINANCE NOS. 385 AND 427; DELEGATING AUTHORITY TO THE CITY MANAGER AND CITY FINANCIAL SERVICES DIRECTOR TO EXECUTE AND DELIVER A PRICING CERTIFICATE AND BOND PURCHASE AGREEMENT FOR THE SALE OF THE SERIES 2026 BONDS TO THE PURCHASER.

This ordinance will authorize the execution and delivery of the GRT Improvement Revenue Bonds between the City and NMFA in an amount not to exceed $22.15 million. The purpose of financing capital improvements and maintenance of public safety, streets, parks, and other public facilities and critical infrastructure.

Ordinance No. 3110 - Pdf

7.3. COUNCIL BILL NO. 26-023; ORDINANCE NO. 3115: AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND SUBORDINATE LIEN LOAN/GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY ("NMFA") AND THE CITY OF LAS CRUCES (THE "BORROWER/GRANTEE"), IN THE TOTAL AMOUNT OF $1,969,331, INCLUDING A GRANT IN THE AMOUNT OF $1,772,398, AND A LOAN IN THE AMOUNT OF $196,933 EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF DESIGNING, CONSTRUCTING AND REPAIRING LAS ALTURAS DEL SOL WATER STORAGE TANK AND BOOSTER STATION, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE SUPER SUBORDINATE LIEN PLEDGE AND PAYMENT OF THE LOAN AMOUNT AND AN ADMINISTRATIVE FEE SOLELY FROM THE NET SYSTEM REVENUES OF THE JOINT WATER, WASTEWATER, AND GAS UTILITY SYSTEM OF THE BORROWER/GRANTEE; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE 145 - 210

FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

This ordinance will approve the execution and delivery of the loan agreement between the City and NMFA to finance the cost of designing, constructing and repairing Las Alturas Del Sol Water Storage Tank.

Ordinance No. 3115 - Pdf

8. BOARD APPOINTMENTS

9. NOTICE OF PROPOSED ORDINANCE(S)

1) There will be no public discussion.

2) A Councilor may ask staff for clarification on the proposed ordinance(s).

9.1. COUNCIL BILL NO. 26-024; ORDINANCE NO. 3116: AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A $3,065,000 LOAN AGREEMENT FOR FLOOD CONTROL INFRASTRUCTURE IMPROVEMENT PROJECTS AND PAYING THE COSTS OF EXECUTION OF THE LOAN AGREEMENT WITH SUCH LOAN AGREEMENT TO BE SECURED BY A LIEN ON THE FIFTH QUARTER PERCENT INCREMENT OF MUNICIPAL GROSS RECEIPTS TAX AND THE HOLD HARMLESS DISTRIBUTIONS ASSOCIATED WITH THE FIFTH QUARTER PERCENT INCREMENT OF MUNICIPAL GROSS RECEIPTS TAX. 211 - 279

This ordinance would authorize the City to borrow up to $3,065,000 to finance the acquisition, construction, maintenance and completion of various flood control infrastructure improvement projects and pay the related debt issuance costs and professional fees.

Ordinance No. 3116 - Pdf

10. CITY COUNCIL MEMBER BOARD REPORTS AND COMMENT

11. CITY MANAGER REPORT

12. ADJOURNMENT

MINUTES

Work Session

Monday, May 11, 2026 @ 1:00 PM

City Council Chambers, City Hall

PRESENT: City Councilor Johana Bencomo, City Councilor Becky Corran, Mayor Eric Enriquez, City Councilor Cassie McClure, City Councilor William Mattiace, Mayor Pro Tem John Munoz, and City Councilor Michael Harris

ABSENT:

1.

1.1

City Councilor Becky Corran moved, seconded by City Councilor Michael Harris, to allow Councilor Bencomo to attend via Zoom.

RESULT:	**Carried**
MOVER:	City Councilor Becky Corran
SECONDER:	City Councilor Michael Harris
AYES:	City Councilor Johana Bencomo, City Councilor Becky Corran, Mayor Eric Enriquez, City Councilor Cassie McClure, City Councilor William Mattiace, Mayor Pro Tem John Munoz, and City Councilor Michael Harris

2. AGENDA ITEM

2.1 ACTIVE TRANSPORTATION

Kyle Arend, Interim Public Works Director introduced the topic.

Vanessa Morales-Romero, Interim Engineering & Surveying Manager gave the overhead presentation.

Brent Crowther, Kimley Horn and Associates continued the overhead presentation.

Councilor Mattiace asked are you familiar with our Police Department and their traffic stops and what they are doing when people don’t have registrations, they don’t have licenses, they don’t have insurance and they are speeding? Will that help your program?

Brent Crowther asked are you talking about to understand that data to cooperate with law enforcement?

Councilor Mattiace said yes.

Brent Crowther said absolutely. Part of the development to the Safety Action Plan doesn't bring all stakeholders together. We have been working on a project in a different state and law enforcement has been our committee and the corridors that are identified within the Safety Action Plan have been referred to law enforcement then they can help prioritize enforcement on those corridors where there are seeing a higher frequency of crashes.

Councilor Mattiace asked in another collaboration effort, I believe it was slide 11, maybe if you could bring it back to 11? The one where it showed the alcohol where I think it was 30 something percent alcohol and then 22% alcohol and 37% drugs. Will there be a collaborative effort and can the council help like with our judges and sentencing and making sure for some reason I have a friend and I think he has been stopped I think 17 times in Dona Ana County, can that be addressed as well?

Brent Crowther said yes, the Safety Action Plan will identify, it brings all of those stakeholders together and the committee. I will defer to determine, to answer who is on their committee already if you would like to address that.

Kyle Arend said that committee hasn't been fully established yet. The Safety Action Plan is part of the Safe Streets For All analysis which is just getting started and so we will identify those other members that will include Fire. It is part of their response to crashes is a big issue, enforcement, education, engagement, all of those are key elements that come into play as you implement the Safety Action Plan but that is all forthcoming in the next phases of what we are going to be doing.

Councilor Mattiace said I think that is good. When you look at the percentages and if we could just address those two, we don't have to wait till 2050.

Brent Crowther said I just want to be clear that this is 22% of crashes that have involved alcohol that resulted in a fatality.

Councilor Mattiace said a death.

Brent Crowther said it is not 22% of all crashes.

Councilor Mattiace said that is what led to the fatality, a death. Someone got killed. That is the important part. There is a lot pedestrians, I call them close shaves, and I am sure we have reports where people call up and say like at the hospital, I have District 2 and it is Memorial Medical Centers 25 miles an hour and no one does 25 miles an hour there, no one. So, if you could help with that. They do 45/55/65 and I see a lot of people in the crosswalk and that may be another opportunity to where I don't know how expensive this gets for a city and we have to be careful because our budget is not overflowing. It is a little tight and so there will be grants available for maybe flashing lights, signal lights that we can slow down in that crosswalk would probably more important than right now just painted lines. Is that possible?

Brent Crowther said those are the types of strategies that we are looking at yes. Enhanced crossings are a low-cost systemic measure where you can establish the criteria within the Safety Action Plan of when you would do that, where they are needed and where they would be prioritized. That is all outcomes from the Safety Action Plan that is just getting underway.

Councilor Mattiace said I have a quick strategy implementation. The pine tree on Telshor is blocking the flashing light that says slow down to 25. If you could just maybe chop those limbs that might be strategy that would work and slowdown that traffic. It is just a suggestion to help with this program.

Councilor Harris said during the campaign season asked me what is one thing that gets you fired up that you want to see changed in the city and I said traffic because this is absolutely an area where we have virtually 100% control over how our traffic management and engineering is done in the city. I know there is some state highways and stuff maybe we have a little less say but for the most part like we can just decide this I think. I really liked that there is big focus on controlling speed because that is the squared term in the kinetic energy equation and there is no reason I think for any corridor inside the city proper to be more than 35 miles an hour and we have been eliminating some of those. I am also totally onboard with design changes to slow traffic and kind of even it out. I think that the point you made about evening out flows increases through put anyway. I read a thing last year that actually replacing signalization in a lot of cases with stop signs actually increases through put because it is a little more predictable. I don't know if it is appropriate in all cases. That was probably a very specific case study but this stuff helps drivers as well and I think to another slide that you had that point in there that is an important point to make because you can go as fast as you want on the highway but if there is an accident on there it is almost always serious enough to close it and then increase your commute time from 5 minutes to an hour. So that is making safer streets for everybody, helps everybody. A couple of specific things to mention and to note, one is I think on those maps there is no surprises there. I think everyone looking at these maps can kind of get that is not surprising at all and I think it is good that we are mapping this stuff and I would be very interested to see as part of our Safety Action Plan or just something that we can start doing. That type of crash analysis studio, that kind of group that gets floated in the space to take a look at each crash that happens and with all of our stakeholders, with police, with fire, with members of the community to really think about why that crash happened. We know that there is the hot spots here and rather than just say there is a hot spot here we should do something about it like looking at all of those individual crashes and what led to them and what led to the outcomes to0 I think is very important. There was a tragic crash in District 3 on Lohman and McDonalds that was like an accident, right? There was a medical emergency, complete accident but there was other extenuating circumstances around it around the area in the built environment that led to some of the outcome. So I think that is definitely worth looking into and also since you mentioned crosscutting, that is another issue I have seen a lot on Telshor also where people are cutting across the street where it is not safe to do so away from the intersections and where it is one thing to put signage and striping and flashing lights and tell people what to do but when we build our streets and build our structures in the community we send different messages sometimes. So, looking at that I think is very important and then from a budgetary point of view, I think Kyle this came up when we were talking last week. In a lot of cases, it is cheaper actually to do some of these things. So instead of making a road two lanes wide or making the lanes 12 feet wide we make them 10 feet wide, and everyone can still get down there. It sends the signal that you should drive slower, you still have 20/30 feet of road for emergency vehicles and stuff to pass and that is perfectly fine, but we also have 4 feet less right-of-way that they have to keep paved and maintained. Doing this stuff can have positive budgetary impacts. It doesn't just cost money.

Councilor McClure asked at a certain point I heard the data on some of the streets, and I am just curious of how you are working with the MPO?

Kyle Arend said this data comes directly from the MPO. They collect all of the data. They share it with NMSU and UNM who corrects and adjust the data for outliers for a report that was written down a little bit incorrectly or it was listed as in intersection but it was actually in a parking lot so they kind of correlate and data and give it back to us. Part of the next strategy with the Safety Action Plan and the Safe Streets For All is to further look into that data and to see exactly what is happening and where and the whys and create a heat map as well as the Safety Action Plan of this is where you should be prioritizing your efforts.

Councilor McClure said from my brief time at the MPO I would say that if you aren't already attending those meetings I would like to have somebody as a representative there. It is helpful to have that sort of larger conversation with the county then to and I think that we were looking at an hour-long presentation. It was really valuable you know. Things that we kind of know anecdotally you know Telshor is a beast at certain hours of the day they had data on that was actually really helpful and I say this more as to give people a sense of the data that you guys can work with is already happening and being crunched at this point but I would like to see that we work in those spaces too because it is just not the city it is as the county as well.

Councilor Corran said I was going to say something similar, but I also just had a couple of quick follow-ups. MPO does have a lot of good data that already exists that people can look at in their safety plan including a really cool in depth breakdown of a lot of those crashes that are alluded to. So, thank you for this presentation. I really appreciate you bringing this forward. I think this came from MPO. I mean we were really horrified when that 470 number appeared on the screen and we were like wait we are going to agree to a goal that is 20 deaths more than our existing number and it really brought and I think if a board of pretty boring elected people talking about maybe stuff that is really boring to people can get mad, that was one of the most mad meetings I have ever experienced was the MPO when they showed that data point of ya, sure it is going to go up and however much and we have to accept that of the federally mandated goal setting process or whatever so I appreciate you providing some of that context and also I acknowledge like there are a million externalities that aren't necessarily within our domains of control. I think we might have also had a reduction in fatal crashes similar to the places that adopted Vision Zero if you actually look at that. So, I don't imagine that this is the answer to all of those externalities that we can sometimes control and sometimes not and so I guess I one, would direct folks who are really interested in this to check out the MPOs safety reports written for the last few years and they are really in depth and powerful. The second part that I would ask or point out is this is almost if we wanted to put this map on the socioeconomic status of our city you would see on the place where the places are the hottest you would see that it is very similar, right? My district doesn't have any lights up. It also has streets that were designed in the last 25 years. Intersections, we have a roundabout. When people come and complain to me about the roundabout I am like I am so glad you are alive to complain about that roundabout, to me because I know that is saving peoples lives but I say this to point out this is also a very variable of our history, 80% of our streets were probably built before we thought about vulnerable road users or 85%. I can't even imagine the percentage of our streets that are from a different time of thinking and so now we are reckoning with that history of design that wasn't thinking of pedestrians or cyclists and so I am curious what our ask, what you all are sort of looking for here today. I would like us to start right away with any low hanging fruit of things that in the safety action plan and we know that things like reducing the speed wherever can make a difference. We know that markings perhaps you can change markings. I would hope that we can take action before we even go through this process of establishing things to do the low hanging fruit as much as we can. Updating paint. I have faith that we are now designing things better and thinking about that in our planning but those are bigger things. Speed reduction in terms of cameras, other traffic related things that we might have conversations about. I hope we can do that sooner. It sounds like we would be on track to have a goal in the distant future. Some of us might not even be around anymore depending on how we drive. Probably less or more proportionally but I hope that we can set a goal but I also hope we can just start doing the things that we know are already called out in this idea of framework and I am curious as to what you are looking from us in this discussion and if anything I would say yes I would like us to go to this just because it will give us something to focus on not because it can solve all of our problems. I know that it doesn't, and I understand and I think that we understand the multitude of factors that go into this but I would like us to take a step in establishing moving forward on the Safety Action Plan going toward Vision Zero resolving to reduced fatalities as much as we can. Whatever other things that you would like from us speak now.

Kyle Arend said what I can offer you right now at this moment is the Safe Streets For All process has started so that is collecting all the data in it will produce a heat map with better maps and better data but it will also produce the Safety Action Plan along with prioritizations on how to implement that. So that will be forthcoming. There isn't anything specifically that we are asking of you today.

Councilor Bencomo said I agree with what a lot of my colleagues have already said. Especially Councilor Corran, thank you for always bringing in that equity lens over the map. I think that is really important. That is something that we should talk about a lot more. I wanted to ask you as we move forward with all of these plans, thinking of the reporting of it all. You know a few months ago our Police Chief sent to council some reporting of pedestrian accidents and fatalities and part of the reporting talks about you know whether it is the total crashes non-injured, injury fatal, and then there is one column that talks about pedestrian error and that always just makes me deeply uncomfortable to be honest with you right? It feels very victim blaming and so I am wondering how as we go through this, how do we reframe some of that moving away from who was at fault to what made this crash predictable and preventable. For example, a pedestrian was at fault because they failed to use the crosswalk, reframing that to the nearest safe crossing walk was this many feet away. I also just really want to engage in a conversation about reporting and how we can do that in a way that informs us a little bit better.

Brent Crowther said that is one of the key tenants of the safe system approach, recognizing that our multiple layers, multiple facets that it all can contribute to improving safety and reducing fatalities and serious injuries. How one of them is safe road users and you mentioned pedestrians specifically so it is important to understand what behaviors they are choosing to engage with that is leading to the crash or the fatality or serious injury and like you said understanding what is causing to make that decision, is it crosswalk spaced out 5,000 feet so they don’t have a choice to do that. The bottom piece of this pie here, safe roads does that and it says if we have a high frequency of pedestrian fatalities we need to identify what is causing them to make that choice and what infrastructure can we do to help them make a different choice and so it is not just victim blaming but understanding the process through their decision making so that they are not forced to make bad decisions. Another example is putting a raised median in a roadway. You can put a raised median that extends for several hundred feet it doesn’t mean you have to mark the pedestrian crossings on that but if a pedestrian chooses to cross the road away from his signalized intersection they would at least have a refuge or a place to wait for the other traffic. It is not legalizing the crossing, but it is giving them the opportunity to survive when they do make choices like that. So, it is all those different layers helping us, helping the driver or the pedestrian make good decisions and then designing the infrastructure to reduce the impact of poor decision making and that is done through reducing speeds. Another example is roundabouts where we are reducing the kinetic energy of vehicles instead of colliding into each other, they may collide sideswipe, the speeds are less, the result is less, they still collided but the result does not automatically lead to a fatality or serious injury.

Councilor Bencomo said I really appreciate this core principle of this because I think as a city we have to internalize this shift away from pedestrian error towards like shifting responsibility to the planning, the building, the maintaining of how we move in our community, to me that feels really important. I think the last thing I wanted to lift up today is since you are not necessarily asking or looking for guidance today given the new GRT funding that we have really said that traffic calming is a big priority for that funding. I want us to really think about how we are going to prioritize certain projects for traffic calming. For me this is one of the biggest, the most important pieces because it is one of the things I get the most constituent concerns about. In my email I get calls about traffic calming pretty consistently from neighborhoods, from all over District 4 about this being a problem in their community and fearing walking to the park, fearing or just walking around the neighborhood and so I just really would love us to think about how we incorporate the conversation about how we are going to distribute those funds as we plan out this whole safety plan and active transportation plan.

Kyle Arend said what I can tell you is that we have addressed a plan in the future for the Safety Action Plan but that does not mean a lot of these things we are not doing right now and trying to do more of. So, with the traffic calming we have implemented several new locations where we are trying some different things out and we intend to do a lot more of that. The designs, the striping, all of these other things, more enforcement. We have been cooperating with PD to time our pilot programs with their enforcement programs to try to drive home the message of we need to address these speeds. All of these things that we are talking about we are trying to do more of right now. We are not waiting to start it.

Councilor Munoz said thank you for putting this together, it is very thorough and I love the aspirational goal. I do have a request. I think on slide 12 or I might have seen it on your data I think but what I would like to see is a per capita ratio. So in 2000 for example as I mentioned before we were a city of 74,000,now we are upwards of around 120,000, maybe 240/260 with the county so as you look at whole numbers and no lives lost is acceptable but you might see an increase in 25 or 2026 because the population as a whole is driving that, right? I would recommend that a little bit more upsize to it and I think I saw it somewhere but when you present and read out I would love to see that as well and thanks for the good work and I know Kyle you and your team have a lot on your plate and I appreciate the focus.

2.2 CITY OF LAS CRUCES REGISTER OF CULTURAL PROPERTIES.

Caitlin Beesley, Historic Preservation Specialist gave the overhead presentation.

Councilor Mattiace said I just wanted to thank you very much for a very complete detailed presentation. I learned quite a lot today, thank you.

Councilor McClure said I just want to thank you for coming on and taking on some of this challenging work with the community getting their feedback but also kind of giving a vision of what this could look like and how it could benefit so that we don't lose more of our identity in the future so thank you.

Councilor Harris asked is there a timeline for eligibility for a property? Does it have to be older than X amount of years?

Caitlin Beesley said the general rule of thumb is 50 years but there is no actual rule. Buildings can be nominated that are younger than 50 years. Buildings of course can be nominated if they are older than that as well. That is kind of just a general rule of thumb.

Councilor Corran said I also want to thank you for bringing this forward. I don't think we have ever had a class of buildings. I don't know, maybe you can tell us this. I don't remember saying these are going on the city's register. Do we have an existing city register buildings?

Caitlin Beesley said we do not currently. So, our inaugural nominees will be the ones that I mentioned on the last slide. There have been attempts in the past but they have never made it to city council.

Councilor Corran said thank you for getting this done. It is very exciting and I want to just comment on the monumental tongue in cheek work that you must have done to get these things before us so I am very excited for this to go through. I also just want to thank you for calling out Clara Belle Williams with her full name as I know in Las Cruces there are many monuments to Clara Belle Williams that don't actually make it clear who the Williams in the name are so I appreciate that and I look forward to that consideration as part of our conversations. So, I would love to hear more when you present to city council about the properties that are highlighted here if that is possible. I think the community would love to hear it too. Thank you again for our inaugural class, this is really exciting so thanks.

Mayor Enriquez said thank you for the work you have done and again partnering with the committee to get some of these nominations and working together with the community as well is very important. So, I thank you for that. I was looking for the old post office here and when you said we don't have any I thought maybe that was one that was already in existence or already registered.

Caitlin Beesley said that one is on the state register, and I think in the future we will definitely be looking at that one to list on the local level.

2.3 2026 GO BOND.

Cynthia Alamillo, CIP Manager gave the overhead presentation.

Mayor Enriquez said one of the things that I am extremely proud of for the City of Las Cruces is when we go to the GO Bond, the General Obligation Bonds, we have fulfilled a commitment. When we put the question on the ballot, we complete things. As you can see in 2018 and what we have done with that from the ball fields to the Fire Station, to the Animal Shelter and the trails, even through Covid the city was able to fulfill the obligation and so for me that is important to gain the trust and to make sure that we fill those obligations. What I see in our options even though I want them all, I would say Option 1, is where I would go so that we can fulfil the obligation and do what had been long overdue and take care of things and not split our funding and get it through the finish line the first time around. That is where I am at and I want to share that based on not so much the project but the trust in what we can do, and the project is important because it is long overdue but so is everything else that we are trying to get back to this community. I just wanted to share that and I would be with Option 1.

Councilor McClure said let me just say that perhaps the bias is because District 1 is the library, but Option 1 is really the only thing I can believe in right now because of the fact that we have kind of let it go and it is the only and I know we have satellite libraries, I get it but it is the only library that a lot of people recognize and see as a safe space for doing things that enable democracy, enable workforce development, enable just a generation of people understanding what literacy means for their lives and there is nothing else I can really say and I know that a lot of other people with purple shirts in this room feel but I think that Mayor has it right we have to complete it. We have to do the things that make it visible difference, and this will do it.

Councilor Harris said I concur, we can get that project done and it will be great and we can deliver on it and then in the next cycle we can pick another project and get it done and it will be great and deliver on it.

Councilor Mattiace said again I favor the Option 1 but I just want on the record that and I am not a fan of robbing the Telshor Fund, you all know that, but I am also a fan of youth programs. I mean these recreation programs, we have to bring more recreational and afterschool programs to Las Cruces, and I just want to thank the Director of Library, attending our after-school programs and trying to get that initiative going. I will favor Option 1, but I just want on the record that we have been robbing that fund for so many years let’s just keep robbing it and do something good with it and maybe we can earmark that if we can get consensus for the recreation and the gymnastics.

Councilor Corran said I am in agreement, there is consensus it sounds like across the board. I do want to say having been through several bond cycles and I am very excited and love many of the facilities which are also in District 5 but I do want to say that we have done a really good job of as they say splitting the baby and not to use a horrifying metaphor but we have done a really good job of getting things done as we do that but I think what you said Mayor really about being accountable to our community and having a very concrete visible sign that we are investing in all people, investing in our literacy, investing in our understanding, investing in technology and investing in a future for a range of different folks is a really powerful symbol and so I just for the sake of doing something different for the second bond cycle I really support us going all in for the library. So, thank you for considering it and I do have hope and believe we have a range of other funding opportunities that we can leverage to get recreation facilities built as well. I have faith that those might be sooner rather than later in the next GO Bond cycle. I think we can figure that out, but I also support Option 1 and thank you for the opportunity to have this discussion and I would also ask if I know the folks are here to speak to it even though there is consensus I suspect they might want to share their insight from the community perspective.

Councilor Bencomo said I think that Option 1 is the right option and exciting, Option 1, high impact project. We haven’t done that before and we have seen how difficult it is to do things in phases so I also think it is just being responsive to what our community has very clearly said they desire to see but I really also want to just appreciate staff for providing the three options because I think it shows additionally the high need that we have in our community for different kinds of facilities that make a community a community. Like these third spaces are so deeply valuable for so many people in our community and whether it is the library or a rec facility or more park improvements. All of those things are so important and at the end of the day I would just rather see us get one project done and so I do want to thank staff for lifting that up and showing the community that we are being thoughtful with this process and honestly just for the community that is there. I just really want to thank you for your advocacy for so many years and getting us here.

Councilor Munoz said I just wanted to thank Carol and her team for just creating a wonderful culture and what they have created in the ecosystem. I wanted to thank also the Friends of the Library and everyone who is involved, Jen and her props, I think. It helped but it didn’t sway me. I knew it was the right thing to do but thank you, I appreciate that. While we are looking at funding, we have our financials to look at. There are also other priorities to consider as we move down the road. Like having an all abilities, all access park, programing for young adults and for mature adults. Those are key public safety. So, there are so many projects out there, but I feel good about the library and what it means to our community and to see it come to fruition. I can’t wait to participate in the ribbon cutting. I will have to go out and buy some purple shirts, it’s not in my wardrobe but I will get some purple soon.

Mayor Enriquez said Cynthia I think you got the consensus there.

Cynthia Alamillo said yes, thank you. Our next step like I will mentioned is the city will work together in refining and identifying the appropriate ballot language. We will work with communications to identify a plan so that the city staff can be on the same page and they will help us promote or create the awareness of our upcoming ballot questions. We will then come back to you with the actual resolution to adopt the resolution with the questions and then move forward to elections.

Carol Brey, Quality of Life Director said this is just a proud moment for us just to hear your comments. We have worked very hard as you know to get this project to this point. We are almost at 50% with our construction documents. Meaning that by the end of this calendar year we should have our entire design and construction documents and be shovel ready. So, I know our hardworking Friends here would like to say something. I think they will also help us get this over the finish line. Thank you for your support and this is going to be an amazing thing for the city of Las Cruces.

Jennifer Kreie, Member of the Public said by the way in this fiscal year that is coming to an end over 170,000 people will have accessed the library in the fiscal year online and in person. So, if we want something that is going to have high impact you know that this is one. You can do so many things at the library. I checked out a book on how to write poetry, and I am going to share with you today. I have two poems. One I plagiarized, I have no idea who to give credit to for the majority of this. Roses are red, violets are blue. Funding is critical, we need you. Roses are red, Milk Duds are brown, renovate the library, air I am in the ground. Then how to write haiku, only three lines, five syllables in the first line, seven syllables in the second and five syllables in the third. This was a struggle for me. Council has vision. Library renewed serves us. Community wins.

3. ADJOURNMENT

3.1

City Councilor Michael Harris moved, seconded by Mayor Pro Tem John Munoz, to adjourn at 2:31 p.m.

RESULT:	**Carried**
MOVER:	City Councilor Michael Harris
SECONDER:	Mayor Pro Tem John Munoz
AYES:	City Councilor Johana Bencomo, City Councilor Becky Corran, Mayor Eric Enriquez, City Councilor Cassie McClure, City Councilor William Mattiace, Mayor Pro Tem John Munoz, and City Councilor Michael Harris

Mayor

City Clerk

MINUTES
City Council
Monday, May 18, 2026 @ 1:00 PM
City Council Chambers, City Hall

PRESENT: Mayor Eric Enriquez, City Councilor Cassie McClure, City Councilor William Mattiace, City Councilor Michael Harris, City Councilor Johana Bencomo, City Councilor Becky Corran, and Mayor Pro Tem John Munoz

ABSENT:

1. OPENING CEREMONIES

1.1 PLEDGE OF ALLEGIANCE - COUNCILOR HARRIS.

City Councilor Becky Corran moved, seconded by Mayor Pro Tem John Munoz, to allow Councilor Bencomo to participate via Zoom.

RESULT:	**Carried**
MOVER:	City Councilor Becky Corran
SECONDER:	Mayor Pro Tem John Munoz
AYES:	Mayor Eric Enriquez, City Councilor Cassie McClure, City Councilor William Mattiace, City Councilor Michael Harris, City Councilor Becky Corran, and Mayor Pro Tem John Munoz
ABSENT:	City Councilor Johana Bencomo

1.2 PRESENTATION OF CERTIFICATES OF APPRECIATION/PROCLAMATIONS - COUNCILOR HARRIS.

Councilor Harris presented Public Works with a proclamation for National Public Works Week.

1.3 DEPARTMENTAL HIGHLIGHTS.

Jake Gutierrez, Parks and Recreation Administrator gave the overhead presentation.

Rochelle Miller-Hernandez, Destination Management Director gave the overhead presentation

1.4 PETS OF THE WEEK.

Amelia Corrales, Animal Services Center of the Mesilla Valley presented Pets of the

Week.

2. CONFLICT OF INTEREST INQUIRY BY MAYOR AS REQUIRED BY LCMC SECTION 2-27 (E)(2)

2.1

None.

3. PUBLIC PARTICIPATION

3.1

Michael Hayes, Member of the Public said I live in Las Cruces. Four weeks ago, I spoke before City Council to ask Police Chief Jeremy Story two questions which I and then my Councilor had asked him and to which he did not respond. Why did he request the city to seek $500,000 in state funds to purchase SWAT vehicles? And why five of them? As I waited for a response the Mayor inserted to say that the period for civic comment was not the time for discussion of issues. Turning to his left he assured me that the City Clerk had heard my questions and would get back to me. She did not. The Mayor knew that the City Clerk would not because not getting back to some citizens is part of her job. He knew that he had not complied with my Inspection of Public Records Act request for records about a secret council committee on public safety. Her violation of the law cost the city $150,000 in legal fees and settlement costs. With the likely concurrence of the City Attorney and the City Manager she did not comply with the Mayor’s false assurance to me. If the Mayor had wanted to get answers to my two questions, he would have turned to his right and asked Chief Story to answer them after the council meeting, but he did not want me to get those answers. Two weeks later I got answers because of the efforts of others. Directed to answer my questions, Chief Story replied not to me, who he liabled behind my back but to his two addressees neither of whom believe he is liable. He informed me that the SWAT vehicles are not military style vehicle but merely Ford 150s with emergency lights and decals to support State Police in critical situations in Southern New Mexico. This answer is unremarkable. So, the question is why did Chief Story refuse to answer my two questions and why did the Mayor and City Clerk shield him from answering them? The obvious answer is that these officials resent my questions, my successful lawsuit to get answers and my public criticisms. In abusing their office, they show among much else contempt for transparency and accountability in matters of public concern. Las Cruces deserves better leadership.

Liz Rodriguez-Johnson, Member of the Public said we continue our efforts to stand up for the disadvantaged in our community. We have brought to your attention on many occasions the fact that the city made a commitment to prioritize disadvantaged properties when inspecting and replacing lead and galvanized piping that conveys drinking water throughout the city. This commitment was made by the New Mexico Finance Authority in order to receive $15 million in funding and for which the city must repay only a quarter. Unfortunately, the evidence continues to grow that Las Cruces Utilities is not in fact prioritizing disadvantaged properties. As explained at the April 20th meeting, only 20% of city inspections so far are for disadvantaged properties. This is unjust. This is dishonest. It looks like fraud. It smells like fraud. This needs to be rectified. Handouts A and B are the fifth set of lists that we have provided identifying genuinely disadvantaged properties with estimated values of less than $200,000. Like the previous 4 sets of lists, we again ask Utilities to inspect these disadvantaged properties immediately. Handout C is yet another example of a mobile home community that has been left out of the inventory that should also be inspected now. We have asked city management and the Utilities Department numerous times to demonstrate that fraud is not intended by doing the right thing. Getting back to focusing on properties less than $200,000 estimated value. This is necessary to remediate the clear evidence that lower value properties are not currently being prioritized. However, at this point there is no evidence of progress, instead 80% of properties inspected are not disadvantaged. Now we ask for a clear demonstration that the city does not intend fraud. The first way this can be done is to immediately inspect 50 properties we have included on the 5 sets of lists of properties with estimated values of less than $200,000. We have done the work in looking up their estimated values. Of course, each inspection needs to be fully documented. The second way is for the city to immediately inspect 50 properties that Las Cruces Utilities classify as disadvantaged which are estimated to be valued at less than $200,000. In this case the city needs to do the work in looking up their estimated values. Inspection of 50 properties can easily be accomplished in one week’s time. We ask that the city demonstrate that it does not intend to defraud by immediately carrying out the 50 inspections of disadvantaged properties. Then all disadvantaged properties in the city should be inspected before even one more non disadvantaged property is inspected absent an overriding reason.

Lynn Moorer, Member of the Public said we citizens are dealing with the Utilities Department and city management that again and again failed to do the right thing. They failed to comply with the Lead and Copper Rule, and they failed to behave like decent people. They are certainly not like ducks hard at work paddling their feet under the water rather unfortunately they are supine on the shore chewing gum, laughing and making snarky comments. Councilor Mattiace asked former Assistant Utilities Director Carl Clark during a meeting February 17th what specific properties were being sampled for lead. Mr. Clark said he would check addresses and suggested that new sampling was underway. IPRA request responses reveal that in reality no sampling at all was carried out in 2025 and because they sample only once every three years as shown at the last meeting in Handout 1 they won’t be sampling the largest water system, the Las Cruces Municipal Water System in 2026 either. Adding to this significant shortcoming is the fact that Las Cruces Utilities is not sampling the tap of anyone with galvanized or unknown piping who requests it. Even though the federal Lead and Copper Rule requires it they are not. Unfortunately, the director has never displayed the courtesy to tell people who requested sampling why the department won’t do it. Management has not prioritized disadvantaged properties despite its explicit commitment to do so. Consider this, a taxpayer owns a property on North Mesquite Street in the oldest part of the city that is most likely to have lead pipes. It is valued at less than $100,000. She has asked to have her tap sampled but the city has never responded to her request. She cleans house for a property owner who lives on Arrowhead Road. A property valued at almost $600,000 built in 1987 after the lead ban. She is aware that Las Cruces Utilities has tested the drinking water at this property four times. Every third year since 2015. She wonders why city management considers her property not important enough to sample and why the Director doesn’t have the courtesy to tell her why. Here is more examples of the city’s not doing right by its citizens. Failure to resample drinking water of a disadvantaged property owner whose lead was 89 parts per billion. The action level is 15. Failure to report lead levels truthfully in the Annual Consumer Confidence Reports, failure to include all mobile homes in the city's inventory much less inspect them, for 18 months answering virtually none of the public questions. These failures unfortunately demonstrate again and again a lack of honesty and common decency.

Rigo Salazar, Member of the Public said I am a resident of District 1 and General Manager of Striking Image, a 36-year-old cleaning company based in Las Cruces, New Mexico that service residents in every district in our city including members of our esteemed city council. I am here today because I believe Las Cruces is facing a threat that is rapidly approaching. A threat that I believe many in our country are actually sleepwalking into. Since late February the Strait of Hormuz effectively closed. Twenty percent of the world's daily oil supply has been cut off. The strategic petroleum reserve is being drawn down faster than at any point in our history and just this past week officials in California, the state most dependent on Middle Eastern crude announce that they had 4 to 6 weeks of gasoline and diesel supply left. Analyst at Chevron and JP Morgan have identified June and July as the window when critical shortages start reaching American consumers directly. That is not far away. Now Las Cruces produces some of its own energy and we are not California, but we are a city where most people have no real alternative to a car. When the stations in El Paso start running dry people will drive here and when the panic buying begins and it will begin stations can go from full to empty in a matter of hours. I am asking this council to act now while there is still time to do so calmly and strategically rather than in the middle of a crisis. Specifically, I am asking for three things. First, fuel purchase limits. Cap transactions at 10 to 15 gallons. It cost nothing to implement and is the single most effective tool against panic driven dry outs. It worked in the 1979 oil crisis, and it will work now. Second, a priority fueling plan for essential workers, our firefighters, nurses, grocery workers, need to be able to get to work even if lines start forming. That framework should be in place before we need it not scrambled together after the fact. Third, expand Roadrunner Transit now and advertise it heavily. I believe public transit will become increasingly necessary as the world adapts to a new status quo. I have left a brief summary with the City Clerk that outline these requests and a few more but more importantly with the data behind them. I understand that there are many demands on the City Council but the cities that got through past the energy crisis and without chaos are the ones that planned early. We have a window. A shrinking window and I am asking Las Cruces to use it.

Pamela Court, Member of the Public said I currently serve as President of the School Board of Las Cruces Public Schools and I also serve on the Community Schools Partnership Board, and I have done so for the last six years. As you are prioritizing budget items I would insist that you continue to fund our community schools as you have in the past. Las Cruces Public Schools has a joint partnership agreement with you, the City of Las Cruces that establishes a framework to combine resources, budgets, and personnel to transform our now 8 campuses into neighborhood hubs. Together we integrate academic supports, healthcare services, food banks and family outreach directly into those 8 school buildings. Because of our mutual agreement we are able to tackle non-academic barriers in learning such as poverty, food insecurity and health needs just to name a few so that our students and families can succeed.

Without these supports, students cannot learn. As Maslow's Hierarchy of Needs explains if we don't satisfy foundational basic needs, then we cannot fulfill higher level growth needs which basically means if you are hungry or frightened there is no way that you can learn. Without the funding provided by city our 8 Community Schools will not be able to provide the services necessary for our students and our families to thrive. The money the city spends on Community School is an investment in our youth which means it is an investment in our city and it is one of the most valuable investments you will ever make.

Fred Huff, Member of the Public said at the first of this year there were 11 illegal homeless encampments in the Burn Lake area. While the park rangers were being trained around mid-January, they discovered these illegal encampments and started getting them removed. The last encampment was removed around February 7th. What has attracted these trespassers to the Burn Lake area so much? One reason I discovered is when I asked some of them why they came here they said that the Community of Hope had sent them over to the area but I believe the biggest reason is that unmaintained or abandoned properties are where the homeless people target to set up their abodes because they know that these areas are not being watched. We have seen numerous abandoned buildings getting burned because these trespassers have broken into them and have set fires inside and it is the same story with properties like Burn Lake. If it appears abandoned they will gravitate there. The trees and the brush provide shade, shelter and anchor points for the illegal encampments they build. In the Burn Lake bed they have altered the soil and landscape and have left major impacts within the lakebed. Since these trespassers build illegal campfires the risk of a major fire in the lakebed would be very high. They had started a fire in the lakebed several years ago and we had to evacuate our house for several hours and we did not know if we were going to have a house to return to. If the wind had been blowing off the north that day it would have blown across I-10 and caused a major accident over the freeway. The reason all of these encampments have flourished so well is for the last five years or so Parks and Rec and Public Works could not agree on who was in charge of maintaining that area. We now have a new Public Works department head, Mr. Kyle Arend and he has got it figured out and he looks like he is there to get things done. On May 4th city crews started a maintenance project over there and the results have been absolutely amazing and have far exceeded any expectations I had on what the city can do to maintain the Burn Lake area. The trees, brush, and grass has been removed or mowed and the altered landscapes have been bulldozed back to what they are supposed to be. So, a big thank you for making a huge difference in Burn Lake to Public Works Department. Thank you so much, great job.

Juan Garcia, Member of the Public said thanks Councilor Mattiace for bringing up RVC, Ranked Choice Voting up for discussion and possibly leading to a repeal of this ordinance designed to often disenfranchise voters in our municipal election. RCV negatively impacts voting due to its complexity in understanding the process of the ballot itself. And on the subject of repealing ordinances let's not forget the repressive tax that came from banning single use bags. Albuquerque scrapped theirs but Las Cruces clings on to it in the name of "making Las Cruces beautiful" and ridding the city of ugly trash. Fast forward from 2022 and now we have some scenic piles of garbage, bonus feces and trash decorating your every corner plus the city has pocketed hundreds of thousands since then. The Mayor kept his cool when he was attacked and even cursed in these chambers all because he stood by his faith and backed a pro-life event. Meanwhile we have a councilor who throws a tizz when someone points out problems in our district or turns her back on a citizen during public comment just because she doesn't like what she hears. I won't say its childish behavior, let's just call it unprofessional. And in closing according to the FBI there were 90,178 assaults on officers in 2025, and 53 officers lost their lives to felonious acts. Police FOPs say nonstop hate and dehumanization of the officers makes attacks on cops feel normal even expected. It is just not talk anymore Look at the shootings and assaults meanwhile the head of the Las Cruces anti-police group and its crew keep pushing venom like, "LCPD killed a person in the act of being a person". Neverminded the felon had over a pound of meth, 500 fentanyl pills, 28 grams of fentanyl powder, 28 prior arrests and drew a gun. Otherwise, I guess you could say he was an upright citizen. Another gem, more training for the police leads to help kill us better. That is not protest that is irresponsible speech. Stuff like this puts every cop at risk. There are people out there who are unstable or just itching for an excuse to go off. It is only going to get uglier. In my opinion I think the Las Cruces anti-police group won't let up until another cop gets killed.

Robert Williams, Member of the Public said I am from District 4. I was actually here to talk to Johana Bencomo, but I am here representing a small community school named Riaces Del Saber and what I wanted to do is I wanted to ask one of you all we are looking for somebody to come say some kind words. First of all, I am the Secretary of the Concilio de Padres of the school, and we are looking for somebody to come talk to our students that are graduating from kindergarten and fifth grade on May 29th. I was going to ask Johana Bencomo. I am trying to get a hold of her, but I have not gotten a chance to do so and I showed up to the office but if there is anyone of you all that can spare maybe 20 minutes of your time please. If you could reach out to either me, I can leave my card or Lucia. Like I say the 29th is the graduation and it would be really nice for the kids. I was very fortunate as soon as I became the Secretary of the council I was really blown away by the student council there which is K to fifth grade, how they put their agenda together. They have an actual agenda with a chairperson all the way down to the secretary and they really do like a really good job. It is very very professional, and they raise their own money and so I would like to shed a little light on recognition for them and if one of you all could do that, I would really appreciate that okay.

Lonnie Montgomery, Member of the Public said I am a follower of Jesus Christ and I haven't been here in a long time. I am also a person who prays so I am going to pray. Lord God send your blessing on this council that they may have better discernment and wisdom and that they could make wiser decisions. In Jesus holy name I pray. The last time I was here a fellow man here pointed out that our forefathers were Deis, some of them. No, all of them were Deists. Deists come from Dio which comes from God which they believe in God, meaning Jehovah, Yahweh, the Great I am and I am a teacher so in this thing here I can preach what I want to but in the riff raff as a teacher I think would dable in history and civics and science and that but I will skip that today and so we will go on to state things and different things like that but Martin Luther King once said, "I have a dream that my little children will one day live in a nation where they will not be judged by the color of their skin but of their content of their character". And what have you done in the 21st century? We have promoted CRT, Critical Race Theory, where the teachers tell the children of color that you are a victim and the light skinned people you are an oppressor. Was this Mr. King's dream? I think not. And that is just one thing that is going on in our schools and in the high schools we are supplying books so the students can and I quote a librarian there, "can explore sexuality". They can learn that it is enjoyable and it is the way to do it. If you want to have sex with your young sister, that is okay if it feels good. How about your young brother? That is okay too. There is also a law that teachers don't have to inform parents that their son wants to be a woman, that they don't have to tell them that their son will be given drugs to help him turn into a woman and even have his genitals removed without the parents' consent. So that is going on time after time and then in Santa Fe I think they finally passed a law that they are going to teach reading this year. I like this public forum because you can say anything. There is one young man that comes in here and says there is so many police and I have got the statistics but didn't give them but he can sure use the F word and there is these young ladies here and they bring in the lead thing every time and they put it up here and it goes there and it goes over to the next part and it is like the city council doesn't give a rodents posterior about having lead in the lead of the water of the people of Las Cruces.

Connie Chapman, Member of the Public said and these remarks are in response to the misleading exaggerated, disrespectful and hateful comments expressed at the end of public participation during the May 4th council meeting. A man proudly commented as if he was some super citizen hero that he had personally "all by myself" called LCPD 127 times in the first 123 days of this year. He stated that 119 calls pertained to issues within District 4 and that he had made them in an attempt to make the community safer for all. He questioned what Councilor Bencomo was doing in her own community to make it safer. The real question is why did he orchestrate the circumstances that lead to those calls? Calls that potentially put people in harm's way. What was his motive? The vast majority of those 119 calls centered around people seeking shade from a building near the Community of Hope campus which happens to be located in District 4. Let me repeat, he targeted people seeking shade, people waiting for the Community of Hope to open, waiting for a ride to a medical or legal appointment or just maybe they were there simply to eat their lunch in the shade. He decided all by himself that those folks were a nuisance or a potential hazard or a threat and needed to be removed so he proceeded to create the circumstances leading to his 119 calls. What a misuse of our public resources and for the record as a resident of District 4 living near the Community of Hope I have no concerns around my safety from the folks on that campus but I do feel unsafe in a community with a man who would manufacture conditions and then call the police on people seeking shade and then place the blame at the feet of someone else. He ended his comments by saying that he will stand in support of law enforcement against the evil found within our city council chambers. The only evil found here in these chambers is his level of disdain and lack of compassion for his fellow human beings. That is truly evil.

Yoli Diaz, Member of the Public said today I sent over 80 people an email titled, Urgent escalation and request immediate intervention alleged barriers to cancer care access to uninsured and indigent residents. Described in the email essentially says that Memorial Medical Center did it again. On Friday, May 15th I was informed of a resident diagnosed with cancer who reportedly was unable to obtain an appointment through the Memorial Medical Center Cancer Center due to uninsured status. This resident reports that she was also not financially screened by Memorial Medical Center nor Memorial Medical Center Cancer Center after being referred to Memorial Medical Center Cancer Center by a Memorial Medical Center physician. Thus, unfortunately the usual problem I have complained about is the people, the vulnerable sick people who are not able to get through the Memorial Medical Center door to receive needed treatment at all. My efforts have not been complaints towards care, just those who are not provided the opportunity to receive needed care. I appreciate the work of both City of Las Cruces' Anthony Turner and Dona Ana County Commissioner Gloria Gameros in their immense dedication of time to consider all residents in Dona Ana County and their work towards improving the local health care system. I am not surprised with Memorial Medical Center's action of not providing this resident an appointment. It is the same old problem that I began my advocacy with in year 2021. However, what does surprise me is that Memorial Medical Center C Suite including CEO Dennis Knox continuing to allow these barriers to access to cancer care the most vulnerable in our county while they are being investigated by the New Mexico Department of Justice and the City of Las Cruces and Dona Ana County lawsuit. One might think that they would show some very real concern and prove that they are serving the most vulnerable as they should. Most often I do not provide personal comments but today I will. I am asking you to try and imagine what you would feel if you were a child again an underaged child and your mother was diagnosed with cancer and she was not able to access an appointment for cancer treatment. Do you think that you would fear that your mother would die? What if the tables were turned. You are the mother or father and you were diagnosed with cancer, would you feel the fear of dying and your child left without you? I want you to put yourself in the position of residents in this position and try to feel those fearful feelings and demount healthcare access to all residents in our community at Memorial Medical Center.

Fred Miller, Member of the Public said I would just like to request that we keep Ranked Choice Voting. There are potential benefits to Ranked Choice Voting. The complaint that it is too complicated is specious because you don't have to rank all the options that you only care about one candidate, just put a 1 next to that one. It doesn't have to be more complicated than that. No more for people who don't like Ranked Choice Voting, they don't have to treat it as ranked choice, they can just pick one candidate as they would otherwise.

Charles Foot, Member of the Public said this morning I met with my radiation oncologist at Memorial Medical Center, Dr. Call and I am three years cancer free. It was a long and arduous journey. It started out in Silver City being diagnosed by the National Science Institute and then being sent to El Paso, big tumor removed. Came right back. Then sent to Colorado Springs, UC Health and they treated me for about a month and said we are not getting anywhere and you have about three or four months to live. We came back to Las Cruces I got signed up with the hospice program and the death with dignity program but before we left Colorado Springs, we did ask one of the members of that team to at least see if they could find me some palliative care and fortunately, they did. One day the phone rang and I got a call from Memorial Medical Center, Dr. Call said come see me. Went and visited with him, CT scan, he said I think I can treat you. It took a year. Quad shots and lots of radiation and then chemotherapy after that but here I stand here today three years cancer free, and I would not be here if it were not for Memorial Medical Center. I hear that there is some grousing going on and there is lawsuits but I would urge you to go sit down in a room and share your differences and work something out. All lawsuits do is cost people money and I think the last thing that this community can afford is if a Memorial Medical group decided it is no fun doing business anymore, let's move on and we have nothing. So please if you can pick up the phone, go knock on a door and sit down with them and talk. I think there is a great group over there and I am happy to be here.

Leticia Magallanes, Member of the Public said I am here speaking today for a woman in our community who was diagnosed on May 5, 2026, with breast cancer while also facing another painfully reality she is undocumented and uninsured. No person should have to beg for cancer treatment because of their immigration status or because they cannot afford insurance. Cancer does not ask for papers. Cancer does not care about citizenship. It only cares whether treatment is given on time. The patient was referred to Memorial Medical Oncology in Las Cruces seeking medical help during one of the most frightening moments of her life. Instead of feeling protected and cared for she felt dismissed, afraid and concerned about whether she would receive the treatment needed to survive. Hospitals exist to heal people. Medical ethics require compassion, dignity and equal treatment for every human being who walks through the doors with a patient with breast cancer. When a patient with breast cancer is denied access to the oncology services because of lack of insurance or documentation it raises serious moral and public health concerns to our entire community. We understand hospitals face financial pressures. We understand systems are complicated but there are financial assistance programs, charities, care obligations, patient navigators, emergency protections that are supposed to help vulnerable especially those facing life threatening illnesses like cancer. Undocumented residents are part of our communities, they work here, raise families here, pay taxes here, worship here and contribute to New Mexico every day. They deserve humane medical care. We are asking for a fair review of this patient's case, access to charity care screening and financial assistance, transparent communication from MMC and MMC Oncology, protection of vulnerable cancer patients regardless of immigration status, accountability when medically necessary care is delayed or denied. Breast cancer already brings fear, pain and uncertainty and emotional trauma. No patient should also carry the burden of feeling invincible or unwanted while seeking lifesaving care. Health care is not only a business issue, it is a human issue. Today I ask that our health care institution, elected leaders, and community members to stand on the side of dignity, compassion, and equal access to care.

Jim Wilcox, Member of the Public said today I speak to you as the bicycle representative of on the Bicycle and Pedestrian Advisory Committee. The City of Las Cruces is reapplying for a bicycle friendly designation from the League of American Bicyclists. Establishing Vision Zero goals works towards raising our status from a bronze level to silver level. Unfortunately, after five years we are only hoping to retain our bronze status. In fact, three quarters of our achievements have been from non-profits not from the city such as Safe Routes to School, Everybody Rides with Grace and the Hub Bicycle Repair. Becoming a safe place to bike is good for business. If you doubt me, please consider what my assistant says. Hey Google, what are the reasons corporations consider whether a city provides safe bicycle facilities when deciding where they will locate? Corporations prioritize safe bicycle facilities during relocation primarily to attract and retain top talent. Particularly younger professionals who value active transit and a strong work life balance, dedicated to infrastructure also supports corporate sustainability goals, reduces the need for expensive parking structures and fosters a healthier more productive workforce with lower healthcare cost. So, some of these are things that corporations look for, and I would say that given this I would expect our business development department to be actively pursuing safe bicycle facilities including Vision Zero goals to attract businesses and improve our economy. Proclamations that Las Cruces is bike-friendly are appreciated but they don’t mean anything to businesses. Results are what matters. Biking is good for business. Don’t leave money on the table and I have left you a written statement of that Google statement.

Diane Starbuck, Member of the Public said I wish to address the issue of reserving the flagpole space. Apparently at least three groups tried to reserve the flagpole in front of City Hall on May 7th. All three of these groups were told different things at different times during the past year they had the flagpole. They didn’t have the flagpole. The city is working on a procedure. The procedure is not available. None of this is fair to anybody. Then I guess in an effort to be fair word comes down that groups need to take turns. Is there any type of written record over the years of who has used the flagpole? How is turn taking to be determined? My issue should not be who or did not get the flagpole but about the process. If there is a procedure for reserving the flagpole it seems to be a mystery. There needs to be a clear public and fair and equitable standard operating procedure for reserving this space. The lack of SOPs continues to be a city problem. We all remember the hiring of the City Manager and how painful that was to resolve. At that time, I spoke to the City Attorney, Mr. Douglas, and he agreed that SOPs come in handy. That is the gist, not Mr. Douglas’ actual words. So here is another example of when an SOP would have come in handy. A simple fix would be to say that nobody can use the flagpole. This is not a reflection on any city employee but points to a lack of leadership. I know the city has more pressing issues to deal with other than who is using the flagpole area but instances like these under mind faith and trust in our government. The city government needs to be accountable and transparent. I know you can do better.

Leslie Woods, Member of the Public said congress shall make no law respecting an establishment of religion. You may recognize these words as the beginning of the Bill of Rights. One of our founding fathers, James Madison begins his statement of American rights by forbidding our Congress from making any religious law or any law establishing a federal religious institution thus establishing a wall of separation between church and state. The First Amendment was violated in 1952 when Congress declared an annual National Day of Prayer on the first Thursday in May. According to the First Amendment our government has no right to tell us what our beliefs of a God ought to be or what it ought not to be. Our government has no right to declare the existence or the malevolence of a God any more than to affirm the right to divinity of Christ or the inspiration of the Bible by the Christian God. In 1952 when Congress passed the current National Day of Prayer resolution, affiliation with a religion and a belief in a God was nearly universal. Mr. Mayor, this is no longer the case. Today somewhere between a quarter and a third of Americans identify as Nones. We declare no religious faith and identify with no religious institution. We do not share the sentiments or declarations made in the typical National Day of Prayer resolutions. Unlike the religious we consider the many contributions of the United States of America to be the advancement of humanity to be work of enlightened men and women. Not the intervention of supernatural beings. Given that the National Day of Prayer is unconstitutional, is not representative of the opinion of all the citizens of the city, we ask you city, councilors for resolutions forbidding National Day of Prayer and any other religious service or ceremony using the grounds of Las Cruces City Hall. Yes, we are here again and will continue to bring these issues to you until a resolution is made, do better.

Jim Hoerst, Member of the Public said yesterday at our nation's capital there was a National Prayer Jubilee. The speakers included the three most powerful men in our government, President Donald Trump, Vice President JD Vance, and the Speaker of the House Michael Johnson. The prayer by Michael Johnson included so many falsehoods and distortions of Christianity, Western European history and American history that requires a response from me this afternoon. Speaker Johnson asserted that the idea that all men are born equal and free is a biblical principle and that its inclusion in the Declaration of Independence was due to Christian influence. Mr. Mayor, that assertion is false. If it were true, the American Revolution would have been unnecessary. I defy any Christian to show me any verse in the Bible that says explicitly that all men are born equal and free. Instead, we find the New Testament verses that say slaves submit to your masters, which implies that the God of the Bible wield some men to be masters and some men to be slaves. Another principle we find in the Bible is the divine right of kings. Romans 13, the idea that secular authorities are ordained by the God of the Bible and men are commanded to submit to them and that anyone who opposes the secular authorities opposes God. In contrast the Declaration of Independence declares the governments are instituted by men and that men have the right to abolish any government that doesn't protect their natural rights. Mr. Mayor you can't have a Bible that both defends slavery and declares all are created equal and free. Mr. Mayor religious groups are prone to distorting history in ways that put them in the best possible light. This distortion of history is an insult to the intelligence and to the legacy of more enlightened founding fathers like Jefferson, Madison, Monroe, Franklin and diminishes America's unique place in history. Mr. Mayor, please preserve the separation of church and state in this city and base the governance of this city on reason and not religion.

Donna Stryker, Member of the Public said we are supposed to maintain a respectful tone when addressing the city, that doesn't happen every month, every week, every meeting. There is definitely disrespectful, degrading, threatening or slanderous remarks and they are supposed to be strictly prohibited. I spoke last week with several people to say that they are fearful to come to council because they don't feel safe. The reason they don't feel safe is because of the disrespectful, degrading, threatening and slanderous remarks. The intent of public comment is to allow everyday citizens and impacted communities to directly inform government decision making, in train transparency and accountability. It provides law makers with diverse perspectives, highlights and unforeseen impacts and helps agencies craft fair regulation. It is to inform and educate. It allows the public to provide local or technical information that policy makers may not be aware of. It helps government bodies spot unintended negative impact or proposed rules or projects that may have a negative impact on a committee. It also establishes an official documented record but when there are disrespectful, degrading, and downright threatening remarks so much so that a city person cannot come here or feel safe because they feel threatened by people not necessarily up there but back there, that concerns me as a citizen and I feel bad for them and I just thought it might be good to understand what is public comment really supposed to accomplish. Is it personal? Is it private? Look at me, it shouldn't be. That is not what it is supposed to be. At least I don't think this is what it is. Maybe you guys can answer that for me.

Tim Jenkins, Member of the Public said I would ask that we all take a moment to consider and to reflect on National Police Week that just passed us. As an honor and a respect and a thank you to all the men and women who selflessly serve our community day and night. God bless and protect them from this day forward. I stand before you this day as a member of our community that is sick and tired of seeing our police officers blamed for problems they didn't create. Every time crime rises, every time another repeat offender is back on the streets the first reaction is often to question the police that the truth is officers can only do their job if the rest of system does theirs. Our officers arrest the same offenders again and again only to watch them to be released in the community within days and sometimes within hours. Many of these are repeat offenders with long histories of violence, theft, drug crimes and assaults and every time they are released without meaningful accountability it puts the public and our officers at a greater risk. We ask police officers to run towards danger. We ask them to stop violent people, break up domestic disputes, respond to overdoses and to confront armed criminals. Then when they do their job and make arrests too often the same system turns around and sends the same offenders right back out into our community. This only creates frustration in our community, burnout in law enforcement and danger for everyone. Supporting police means more than just saying thank you during ceremonies. It means creating a justice system that actually backs them up. Accountability matters. Consequences matter. Public safety matters. Our officer's safety and wellbeing matters. I am not saying every person belongs in jail forever, rehabilitation matters as well. The repeat violent offenders who continue to threaten the public should not keep getting endless chances while officers and citizens have to pay the price. If we truly want safer neighborhoods and streets, we need honest conversation about where the system is failing and not keep blaming our officers. We need leaders willing to stop treating police officers like they are the root cause of every problem in society. Our officers deserve support. Our residents deserve safety and our community deserves a just system that protects law abiding citizens instead of repeat offenders over and over again.

George Pearson, Member of the Public said I am Vice President of VeloCruces, a local bicyclist and pedestrian advocacy organization. I would like to thank you for the recent Work Session on Vision Zero and traffic safety. The presentation gave a good explanation on Vision Zero and the idea that the only acceptable number of traffic deaths is zero. The importance of using the safe systems approach was explained where we understand that people make mistakes and the built environment needs to anticipate these mistakes to reduce the severity of crashes. Using proven safety counter measures we can create a safer environment for all modes of transportation.

The presentation talked about the Safety Action Plan that is underway and funded by the Safe Streets for All grant but once again it seems that we are waiting for some future action before we implement any meaningful traffic safety solutions. Five years ago, we adopted the active transportation plan but for the most part we have been waiting on finding an Active Transportation Coordinator. Now we are waiting for the Safety Action Plan. At the Work Session we heard how in 2019 Albuquerque committed to Vision Zero by 2040, showing progress with the 7% decrease of fatal crashes in 2025. El Paso adopted a Vision Zero goal in 2022 and is showing results with about a 15% decrease of fatal crashes in 2024 and almost 25% decrease in 2025. Do we have to wait for the Safety Action Plan to make any progress? Why can't we start now with the low hanging fruit? Let's pass the Vision Zero resolution and join the Vision Zero network. Let's change the default speed limit for unmarked roads from 30 miles an hour to 25 miles per hour. Let's evaluate speed limits that they are consistent according to roadway function not changing along the same segment of road and no higher than 35 miles an hour on any city surface street. We should do a crash analysis studio treatment for fatal crashes, not to determine blame but to prevent future similar crashes. Let's update city ordinances to reflect changes in state law for the idle and stop, we have talked about speed safety cameras, but we have not moved forward on any implementation. When we address safety issues for vulnerable road users, we make the road safer for all users. Please let's not kick the can down the road waiting for the Safety Action Plan. We are already years behind Albuquerque and El Paso. Let's start immediately and prevent future fatal serious injury crashes now.

Nicole Martinez, Member of the Public said I am here with the Mesilla Valley Community of Hope. First, I want to say thank you for funding the Health Related Services Fund for all of the agencies that applied. I am speaking today to offer context on this process. I have been through many cycles, and I have seen the process shift from competitive to at times an inequitable ranking of partners. The process requires a letter of intent to apply and when you get the thumbs up for that and then you can submit a full grant from there and then after a few months, we show up over the course of two days. We are required to make an evening presentation to the committee members and our peers. We then get publicly ranked with the discretion of the committee members. It is shall we say humbling. It is also rare. We certainly don't do this for HUD or our federal granters. When awards get smaller and the process is highly competitive it is our clients who suffer. I know that Community of Hope depends on the amounts given to fund a unique program that doesn't have access to many funding sources and if we were to change that I wonder which agencies would get more and which client programs would be crushed by the changes. Many of the agencies are already working on shoestring budgets pieced together by various funding sources. All of our agencies are connected, and I speak for myself when I say that I feel happy when everyone gets funded at an equitable amount. They are all doing amazing work. I pause if Casa de Peregrinos doesn't get funded. What happens to our client food allotments? We need a stable equitable funding model. The clients served by agencies like ours and our partners depend on consistent reliable sources and not a lottery of which committee members show up to rank us. In fact, we have seen declining participation from the committee itself and only three members present at the last several competitions. I know it can't be easy for the committee members to decide when there are so many agencies doing important work for vulnerable residents of Las Cruces. I am grateful to the members who are making the effort to support this funding. I urge the council to move away from competitive grant cycles for these essential services and toward a partnership model. We will still uphold rigorous monthly and annual compliance and reporting, submit the grant applications but we must stop treating basic health and hunger needs as a competition. If you are not just going to add us a budget line item, we should be, at the very least please do away with the presentations and consider funding all agencies at a higher level. Let’s face it. We know that the issues we are addressing for constituents are not going away. Hunger, health care, diabetes, domestic violence, homelessness, helping people with disabilities and cancer. Let’s fund our partners at the levels needed to keep our community healthy. I would love to discuss this further with any of you interested in making some of these positive changes for the Health Related Public Services Fund.

Alberto Del Campo, Member of the Public said I am an organizer with the New Mexico Dream Team here in the community of Las Cruces. There is an evident disregard for working families in Las Cruces. Just by the recent comments made before there is an evident through line going from preparing for a shortage of fuel crisis, utilities impact on household value of under $200,000 and the city’s failure to respond to water testing request from low-income households. To asking for support for students as they continue their studies emphasizing how lack of access to food and how poor housing conditions impact their performance. This is what we mean when we talk about community health and safety. It means providing your constituents with the resources they need to thrive. A lot of the concerns brought up in the earlier portions of public comments exposed to painful violent reality of the failure to identify what makes our community safe. Our priorities when assessing city funding are wrong. The slogan of defund the police is seen a room splitting violent statement. The reality as presented by the police department is that crime has risen even while funding for the police continues to grow higher and higher. Listen to the request made of you by the constituents in this room who have highlighted the total disregard for working class families’ health and safety in this city and recon with the fact that as you continue to pour funds into the police you are also taking on the violent act of defunding our communities. This community is strong and resilient. Many initiatives here are volunteer led and have to be direct material impact and the days of everyday people who live here. This is a strong community even without government funding so please stop defunding our community.

4. ACCEPTANCE OF AGENDA

City Councilor Michael Harris moved, seconded by Mayor Pro Tem John Munoz, to accept the agenda as presented.

RESULT:	**Carried**
MOVER:	City Councilor Michael Harris
SECONDER:	Mayor Pro Tem John Munoz
AYES:	Mayor Eric Enriquez, City Councilor Cassie McClure, City Councilor William Mattiace, City Councilor Michael Harris, City Councilor Johana Bencomo, City Councilor Becky Corran, and Mayor Pro Tem John Munoz

5. CITY COUNCIL MINUTES

5.1 WORK SESSION OF APRIL 13, 2026.

5.2 REGULAR CITY COUNCIL MEETING OF APRIL 20, 2026.

6. RESOLUTION(S) AND/OR ORDINANCE(S) FOR CONSENT AGENDA

6.1 RESOLUTION NO. 26-140: A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES TO ENTER INTO AN EXISTING CONTRACT PURCHASE AGREEMENT FOR MATERIALS TESTING SERVICES ON AN AS-NEEDED BASIS WITH GEO-TEST, INC. OF LAS CRUCES, NEW MEXICO, IN AN ANNUAL NOT-TO-EXCEED AMOUNT OF $300,000, SUBJECT TO ANNUAL BUDGET APPROPRIATIONS (PROCUREMENT NO. 25-26-106).

6.2 RESOLUTION NO. 26-141: A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT FOR INDEPENDENT LEGAL SERVICES WITH MARK GEMOETS DBA THE LAW OFFICE OF MARK GEMOETS IN AN AMOUNT NOT TO EXCEED $140,000 ANNUALLY, SUBJECT TO APPROVED BUDGET APPROPRIATIONS (PROCUREMENT NO. 25-26-104).

7. RESOLUTION(S) AND/OR ORDINANCE(S) FOR DISCUSSION

7.1 RESOLUTION NO. 26-142: A RESOLUTION ADOPTING THE MUNICIPAL BUDGET FOR FISCAL YEAR 2026-2027 FOR THE CITY OF LAS CRUCES, NEW MEXICO ON MAY 18, 2026.

Lesley Doyle, Finance Director gave the overhead presentation.

Carol Brey, Quality of Life Director continued the overhead presentation.

Steven Bingham, Parks & Rec Director continued the overhead presentation.

Kyle Arend, Interim Public Works Director continued the overhead presentation.

Ikani Taumoepeau, City Manager said I appreciate the opportunity to share appreciation for staff and especially to Lesley and the Budget Team for doing this with under-resourced staff. We didn’t rehire positions and so Lesley not only being Finance Director she acted as a role of Budget Manager and that is something that we don’t plan on filling because of the budget reduction so there are impacts happening but kudos as well to all of the staff 1,800 employees trickling down from the department heads allowing them to look at their required reductions and they having the direction to work with their staff and I appreciate mine and several managers and staff who are listening online here today, everyone took part in these budget reductions. I would love Lesley if you could go to slide 15? This is probably my favorite slide here because it shows a bit of the picture of what is happening here. There is a lot happening here and I just wanted to point out to council and to those online and we have a lot of staff paying attention as well. We have two times that the lines intersect and whenever the red is above the green that means we are out of balance and we have to work towards a balance. So, it intersects at 19, FY20 and it also intersects at FY23/24. I want to bring to everyone’s attention and remind everyone that what has happened here because in FY27 we have red and green going in separate ways and if we don't bring them back and bring these lines back we are going to be in trouble and it is not sustainable so thank you to council during Work Session last time giving us the direction to start bringing these lines together so that the green can at least balance. It is our goal as staff to always balance the budget. One thing that maybe missed is why is green above the red in FY21 and this is something that you all may remember but destination-based taxing occurred during this time. This is why revenue spiked. Revenue spiked during this time. Essentially whenever you make an online purchase the local municipality can now get part of the GRT didn't exist before 21. This is why we have a spike and because of this spike we were able to do things that the city had never done before. This is when three things occurred and so because we have additional revenue with city we are not trying to make a profit so council worked closely with staff to start raising the quality of life for employees and I would like to remind the public what happened. We raised the floor so that nowhere full-time positions exist in the City that you will get paid less than $15 an hour for a full-time position. So that is one that happened. Number two we raised the premiums so the employer right now covers 82% of the premiums and an employee only covers 18, which before that was 60/40. Third there was a class and comp which essentially is an analysis that looks at all the different positions in the city and we do our best to get all employees to where they need to be closer to market. It is not perfect. It is always a challenge to get everybody there but all of that cost money. All of that is great and staff and council if you would defend that because that is what makes us become the employer of choice and be that employer of choice and also treat our number one asset as they should but there is a cost to that and as you can see the red line continues to grow and in the next line Lesley as we see because of what you have done and the decision you made at Work Session and for all the work that staff has done we see the lines coming together. This is what I appreciate and hopefully this is where we continue to go so that the lines will intersect and we can balance the budget. Again, I just want to say thank you to all the staff. We could not have done this without you and there are impacts and thank you to those department heads that shared with those impacts are and we are asking staff to do a lot, 47 additional acres and not hiring additional staff can be tough but I appreciate that because the staff that I have seen, that I have heard from are working with this challenge as an opportunity to reset, to reimagine the a level service that we can do for our community and for our departments and I want to thank staff and I want to thank you as council.

Councilor Corran said this is very powerful and very painful to those of us who are not wanting to reduce services at all. I really appreciate you working on this, bringing it up so that we can have a facility in understanding this graph and also considering all of the departments contributions as they have gone along so thank you to the city staff who I know worked on coming up with a plan to do this in the best way possible in which is still extremely painful and I don't think any of us wants this to be a persistent approach in how we offer city services so I appreciate all the staff who have thought about this and continue to think about being really economical with your efforts and I hope that this is an investment in the future as much as it can be for our future sustainability. I just want to appreciate you and folks who have been contributing to this and also acknowledge that it is not without pain on the part of the staff, on the part of the folks who are going to feel the impact and the part of us as decision makers so I want to acknowledge that. I do have some worries about the future. We got this explainer on oil prices. We know that electricity prices are going to be changing in a direction that is going to affect us very dramatically probably and we know that water will become probably more costly in the immediate near future or so. We have been able to preserve our staff. We haven't been able to preserve our services at the same level. I am curious, I guess I would just like to speak to the two committees that are formed I hope that they can also do some future casting for those types of things that are going to increase at a rate just like this when health insurance increases at a rate that we have no control over but have to continue to respond to. Those are three variables that I can think of in the next three years that we are going to have to have dramatic changes so I am hoping that the committees that are working on this can consider those things as well as variables. The staffing things I really appreciate that we have kept staff in place and continue to plan to give staff a small increase in wages but as we consider staff, community service impacts, I hope that we can also add those externalities to this. I think health insurance, whatever our projections are we should probably increase the way that we are calculating that. I think that is also true of our basic utility and considering the use of natural resources in particular that we will be having to pay a premium for. So, I hope we can do a little bit of conservative estimations in the future and that will be part of those two committees while they are talking about that. That is also to say that I hope that in the future we can have more conversations about what this looks like. If you can extrapolate the graph a little bit for us? And I hope that maybe mid-year we can have a little bit of a discussion about what this is looking like in terms of our impact, in terms of our budgeting for the next year when we start the budget conversation. I would love to see this graph with some of those additional projections in the future so that would be my hope and I do really appreciate you including me having a meltdown last week of not being able to read a bunch of graphs so Lesley herself was helping me in that context so I really want to appreciate you and all the staff that have put their work into that and those are my requests at this time and acknowledgement that this is painful.

Councilor McClure said I also want to thank you and your staff. This is squeezing blood out of a rock, and I know this is hard and it is hard choices that we have to make but I guess we are the nitpickers so I am going to pick one nit, and I do think that we need re-fund the Community Schools. I have only been a part of it for 6 months, but what I have seen there is speaking directly to some of the needs that people are asking for is how do we actually reengage with our larger community? We are asking teachers to do so much, and this is our moment to step up and be a part of that village, and I think $60,000 is really a little bit more of a squeeze we can do. For those who don't know this is an ask sort of for Community Schools' coordinators. So, what they do is basically, that is the person who realizes that a kindergartener is not coming to school wearing the same clothes every day. And someone else is hungry and we can leverage our resources in very actionable ways with these coordinators. I would also like to say that the caveat as much as the afternoons for the library is going to be hard because that chest club is really great and I have a bunch of kids that are loving it. I know other people are going to see some of these issues and it is probably going to get me kicked out of the book club if I say may be we can squeeze maybe just a little bit more for things like the library where we will see just an explosive growth because of some other choices we made but when we are talking about our youth I do think that we need to fight for them a little bit more. That is what the community is asking for and so I am going to have that ask too that we look at that a little bit more. Like what Steven said earlier to as preserving the core and when we are making sacrifices, I think our families all will sacrifice. You know what, I am not going to have Netflix, but my kids are going to get shoes. If we are at that level right now that is where we need to be. I think that too is specifically what Councilor Corran said, that is a legitimate ask for our future. This is investment. This is also so that we can look at longtime like, we are following these Community Schools from elementary to how did they end up in high school? If we cut it now, we are not going to be able to do that. I do not want to pull more out for Quality of Life. If this has to be a Telshor Fund ask I will make that request. I hope my other councilors would be willing to say that $60,000 is something that we can do right now.

Councilor Harris asked on slide 27, speaking of the Telshor Fund, maybe not 27, 26 if we are paying NAT out of the Telshor Fund, if NAT then turns around and sells a property not that we are getting a huge amount off of those things does that go back into the Telshor Fund?

Lesley Doyle said yes, If the cost of abating property is paid from Telshor then any sales would also go back to Telshor.

Councilor Harris asked on 29, Fleet, obviously this was before my time why is Fleet zero in 25/26 and it is new in 27?

Lesley Doyle said this is because in prior years Fleet was actually considered an internal service center and this would be the first year that we would have moved it to General Fund so there was actually no General Fund expenditures related to fleet in prior years.

Councilor Harris asked we still spent money on it, it just came out of other parts?

Lesley Doyle said that is correct.

Councilor Harris said of course, and I think as with everybody else I greatly appreciate slide 21 that shows our debt going down into the future and I fully support continuing that trend. So, my other comments are also about quality of life. I really appreciate the thinking of consolidating services to the digital services to the stuff people will use more. I had some initial concerns about that but then I talked with Sarah about it and that seems like it is on the right track, and I am also concerned about the Community Schools' funding. I do understand though that we probably have other funding methods. I want to continue funding Community Schools, but I also think that there are other funding sources that we can use for that that are going to come up later in the summer maybe the Telshor Fund is an option. I think we might have some discretionary Opioid Settlement Funds that will be coming up for discussion in the future as well and some of those programs align with what the Community Schools coordinators are trying to do anyway so those might be interesting ways to continue those programs. My last comment is on the food. While I am perfectly happy to forgo lunches for city council meetings and events I think that we do need to fund food for our teen programs and kids because that is why you show up and it is probably not that much money if we need to scrounge somewhere to come up with $10,000 from the $5 million that we are still structurally deficit, I don’t think that is a huge ask but that is a really important thing.

Councilor Bencomo said thank you so much Lesley for your team and City Manager’s team and all the directors for getting us here. It is obviously incredibly difficult to sit in this position and have to hear the kinds of cuts that we are having to make, especially in Quality of Life. Not going to lie, I think those, not that some matter more than others, but I think there is just that some cuts that have a very direct impact on people’s lives. I am sitting here thinking about the backdrop that this is happening in, right? We are watching the State of New Mexico have fairly healthy budget with like historic high reserves where we are watching some federal volitivity happening. I know that every day some people in our communities, like every day Las Crucens are having to make very similar kind of decisions in our household every single day and so none of this feels good and none of it feels right and I think for everyone every time we ask can we save this I know that something else is going to get cut. So, I think those are just important considerations as we move forward and think about the stakeholders involved. I am curious about what was that conversation like with the Superintendent or LCPS around Community Schools and the crossing guards. I am curious if you can provide any sense of where they are at?

Lesley Doyle said that conversation happened with the City Manager and the Superintendent so I will defer to him to speak to that.

Ikani Taumoepeau said I talked with Ignacio and I told him we would hold it for one more year on paying about $330,000 for crossing guards. I think it is important for context to share that we are one of the few cities that pay for crossing guards in the state so it has come to our attention as we are looking at anything and everything from all departments that was one of the things that we looked at on why we are paying that. Obviously not of the reason of importance as we know that education is important, it is just we noticed a pattern that we are one of the few that are paying that. So we agreed with Ignacio that we would pay it one more year and they needed time to figure it out since they are funded from PED and the state that they would figure it out and we will take that off our books if that would be our recommendation to council to take this off our books so that we can have more capacity for our internal departments.

Councilor Bencomo said thank you for having those conversations. I think cultivating those relationships is important for our moments like this where you are going to have hard conversations so I appreciate that. I also am thinking about why I am so adamant about the new GRT fund being more diversified and not one project being overly funded versus the many priorities that we have in our community, right? Parks, Public Works, you heard it from them about getting and making these difficult cuts and yet we are also trying to make those pots smaller with the GRT funding. To me that doesn’t make sense, right? I think this is one of the reasons why I want the public so badly to understand that running a city is deeply complex. It is not just one department. It is not just two departments that must be fully funded. It is every single department does incredibly valuable work that touches the lives of people and we just have to remember that. I mean I would ask for the public to have some grace around this to try to understand the position we find ourselves in given the insane frankly increase in health care cost and those kinds of things that are really out of our control but you also don't have to. You can be as frustrated especially if your life will be impacted. You know I certainly want to hear from folks and continue to have conversations so that the city can manage these better. The last thing I will say is that one of the biggest concerns that I have is that I don't think as a city as a whole we take our liability risk seriously. I don't think this is something that we are willing to face and talk about and make some changes to and I think it is going to continue to be a really big crutch, and I hope that changes. It hasn't since I have been here and I get a lot of push back when I talk about it but I certainly hope that being in this position helps us better look at how much of our liability risk is a pretty serious crutch here. So again, I just want to thank all the staff, all the directors, and budget staff for sure. I am sure it hasn't been easy. I am sure it has been lots of sleepless nights, so I really appreciate you getting us here.

Councilor Munoz said I would like to look at slide 28 or 6 to talk about franchise fees and cannabis. Before I do we look at these numbers, we look at projections. We want to balance the books, and I appreciate all of the hard work that has gone into this. The bottom line is that when we finish talking about this the bottom line is people, it is the people who are out there working for the city trying to do the best job that they can and have to work through this. Working faster, working more efficient, optimizing. That is appreciated. It is also the citizens who and the residents who pay their taxes and expect services as well and so I know this has been a very difficult exercise. It has been a very difficult ask and it is totally appreciated. Especially as frustrating as the Community School funding. Last couple of weeks I spent some time with some schools. I went to Mayfield High and spent some time with some students there. Some artists, up and coming artists. They were so passionate about the work they did, and they explained different techniques that they use and how long it took to come up with their pieces and how excited they are about furthering their education in their craft. I spent some time with Picacho, East Picacho Elementary School, young elementary kids that are so curious, so innocent. They are so engaging. I could not leave without taking a slice of pizza because they forced me to eat some. I don't know if it was Peter Piper or Little Caesars but no they were like eat with us, eat with us. The questions they asked, they asked me, what exactly is a Mayor Pro whatever that is Pro Tem? What is that? So, I explained a little bit. One young student raises his hand, I know what that is. It is like a substitute teacher. Well maybe it is. Then I topped it off with Alma De Arte. They invited me to their Mariachi Conference. It was amazing. Sold out crowd. Probably a couple of hundred students learning Mariachi music. Mariachi music is not simply a few folks at a restaurant walking around singing but actual historical and cultural music where the original composers learn from the master composers in Europe and traded back and forth where Europeans learned from folks in Meso America and also vice versa where the conductors and the composers in Mexico learned their music and so these students for a few days learned how to read music, learned how to play together, learned how to play with different students in our area. It was just extraordinary. The disappointing piece was that the director told me that he had to turn away hundreds of students because there was just not enough room and we have been talking about engaging our youth, our young adults and helping them grow. So particularly frustrating I understand. Let's get to slide 6, slide 28. Cannabis seems like there is a significant amount of monies going into the state coffers but not flowing down to municipalities or maybe that is just my perception that it seems to be getting a bigger cut of the excess tax. Do you feel that maybe that might change or things will balance out in the future where we may see an increase there as far as revenue coming in?

Lesley Doyle said I don't. I see it continuing to be flat if not decreasing.

Councilor Munoz said that is disappointing. As far as franchise tax. Are there any other opportunities to grow that or do you see anywhere we could optimize that in the future as well?

Lesley Doyle said there are a lot of different areas that touch franchise fees.

Kyle Arend said I don't have a lot of information on the franchise fees other than it effects a lot of infrastructure often.

Ikani Taumoepeau said it is true what staff has said that various departments touch this and work with this. Right now, we receive about 1.5 million from EP in franchise fees and that is something that is being discussed and whether an increase of franchise fees can come back. We can do that, we brought it to a Work Session, to council to see if we could bump that. I think that it is about 2% looking for an additional percentage to total 3% and with that additional percentage they talked about energy efficiency for LMI community, low to moderate income community. In addition to that broadband, every time that they are looking at our easements we charge them a tax as well as a franchise fee, sorry not a tax but a franchise fee to connect. That is not voting well for us, but we also receive franchise fees from our own Utilities as well. So there is a combination of things but if you are asking me I would love to see what we are looking in as we are looking at franchise fee agreements with boardbands so that every time that they are touching our roads and getting into our easements that we can charge them and ensure that we are charging them a linear fee and we are looking to ensure that we are charging them market rate on that so we can look into that.

Councilor Munoz said that is what I want us to do. The two committees that Christopher and Mandy are leading, and the teams and stakeholders look at opportunities to optimize to be more efficient, to increase revenue within a positive way. I also want to ensure that from at least my perspective as you are looking at services and something is super critical and you are seeing the effects on that and the community and your employees. I want to hear that feedback, that pushback. We won't or at least speaking for myself I am not going to take that as we are not a team player but someone who is saying wait a minute, we have cut in certain places and we have tightened up and I get it and in this area after we have reviewed it for a while and we have tried to make this work it is not working and from what I understand the committees will come back and keep an eye on that and provide some feedback on that piece and provide other feedback perhaps on how we can get some additional revenue that we may be leaving on the table. What I will say is that with those committees and with employees I have had an opportunity for the city to work and spend some time with the city family and tell you that the folks are hardy people. They work hard and I appreciate that and again as we work through this together. We will get to the other side. We will get to the side where it is going to involve communication, it is going to involve creativity and anyway that we can be supportive please let me know.

Councilor Mattiace asked can you bring up the slides for the committees you created, I guess? With the City Manager's permission and possibly yours could I spend some time with these committees and give some suggestions? I have some suggestions and I would like to look at each particular department and then look at its impact and how many people it is reaching. I am really upset with the Quality of Life and the sacrifice that Carol has to make and again with Parks. So, would that be okay? And to actually sit with them and find out how they are doing it. How they are doing the assessing and looking at the revenue and then on their diligence. When we give money out whether it is hundreds or thousands, to make with Parks. So, would that be okay and to actually sit with them and find out how they are doing and how they are doing the assessing and how they are looking at the revenue? And then on their diligence, their due diligence. When we give money out whether it is hundreds or thousands or millions of dollars, do we have their financials and what they do with the money and do we get that? Do you get all the information back that they are doing IRS revenue, state and they are properly spending the money. Is there accountability on some of the millions that we give it out to whether it is nonprofits or different departments, or it is developer. I would like to look through all of that because it seems like there are millions of dollars that have come into the city of Las Cruces and I realize the debt retirement is enormously high for a city this size. Is it not?

Lesley Doyle said I believe that it is, yes.

Councilor Mattiace said if they would value my experience. I have been around a few years.

Councilor Corran said Councilor Mattiace you don't even attend closed sessions.

Ikani Taumoepeau said to answer your question on the opportunity to meet with staff and the two committees, the Realignment Committee and the Revenue Efficiencies, I would afford that opportunity to be offered to you or any of the council members that would like to meet with them. As they are coming up if you wanted to share your thoughts you could share, absolutely you could share your thought, but I would ask that that opportunity comes to you, all councilors if you would like that that is afforded to you.

Councilor Mattiace said thank you, I wanted to make sure it was proper and it met all the legal stages of approval. Thank you for that statement and I promise I won't take a lot of their time up.

Councilor Harris said I have one other comment just to kind of piggyback on what Councilor Munoz was saying about franchise fees and stuff. Something else that I would like to make sure we are looking at when studying that is making sure we are reimbursed for damage to public right-of-way and structures. Whenever you bore a hole through the sidewalk or through the street or gas has to come out and has to locate for utilities and they have to dig a pothole. It might seem like a small little patch the size of a piece of paper or something, but you are still cutting into the roadway and that decreases a lifetime significantly and so like Kyle was talking about we are having to prioritize pavement fixing and things. So, we need to make sure that we are being compensated for the decrease lifetime of some of our infrastructure that is being caused and I understand that we might not have an existing fee structure for that. So, since that was mentioned and it just popped into my mind I just wanted to mention it.

Lesley Doyle said I do know that is something that we are working on a process for that so that is something that is on the radar.

Mayor Enriquez said again like it has been said over and over. It is very difficult and very challenging so thank you to all the staff, City Manager and everyone. It is difficult when you have to cut so I thank everyone for that and the efforts and the attempts. I share with Councilor McClure as well that I think the Community Schools have been something that has been moving forward in a direction that we like the relationship and partnership with schools to not lose opportunities with their facilities and after school programs and things like that. So, I definitely want to see if that can be looked at and the onus is really on this continuous strategy, strategizing team that is going to have to look at that like monthly. I mean stay on it, see what our revenues are, see what our expenditures are and if it comes to again if we have to go into the Telshor Fund for things like that I would advocate for it as well so that we don't lose out on services and opportunities for our community. I wouldn't say that we do that immediately because that is an impact right now in quality of life and for the partnership and what we want with the Community Schools. I want them to continue, and I know there is other impacts elsewhere that other departments are going to feel and so if we continue to work and see what this Revenue and Efficiencies Realignment Committees and see where we are at and where those impacts are. Again, Bencomo mentioned the GRT and we have that deferred maintenance and that is what a lot of that is for, that if we have some of those maintenance and issues that come up. We can always look at that for addressing some of those issues so those pockets, the opioid, the Telshor Fund, or even some of the GRT for critical infrastructure on things and then again mid year really start addressing those issues and see where we can really start to come back and really advocate for funding for different areas where they are being impacted the most. That is where I am at with that. I really feel strongly as McClure, I think everyone else here with the Community Schools and see what we can do to start looking at that closely and not lose any ground.

Councilor Harris asked since there is interest in preserving the Community Schools funding is that something that we need to do something about? Make a formal motion to do that?

Mayor Enriquez said I believe it will still be continuing, it is just been reduced. So that is something with this I believe with this realignment committee to focus and look at and see how we continue. We don't want to lose any positions, or anything based on that dollar amount but see how we can continue to move forward as if it was there and then if we need to add to it later then we can bring it forward. Will that work or are we looking at?

Lesley Doyle said I think the best approach would be to continue with the budget that we have as it resides in Quality of Life and then the additional 60,000 we could budget from Telshor if everyone could be in agreement with that.

Lucas Herndon, Member of the Public said I would like to say out loud that it is disheartening to sit through this presentation and watch a presentation about services being cut after we have spent almost full year talking about how to spend the GRT money to the benefit of this community and then to look through the budget as being drafted here and voted on apparently with out a slide or a presentation from the Chief about what the cops are giving up. Where is the slide? Where is the slide about where they are not getting a racetrack? Where is the slide about where they are not getting their new vehicles that get 20 miles to the gallon speaking to the point earlier about fuel crisis. How is this city going to come to the voters and ask us to vote on a bond for the library which I very much support, library folks don't come for me. I am here for the library, but when you are asking us to fund this new library with cut services what is the point? It has been said many times in different ways that a budget is a moral document and the morals of this city council moving this budget as approved today on the backs of workers with a 1% raise meanwhile the cops continue to get their raises every year, year after year. They get their new toys, they get their new racetrack, they get their new cars with not a blink from anybody on this council, shameful.

Sierra Alminster, Member of the Public said I would like to echo the disappointment. I know everyone is disappointed in seeing these cuts to quality of life and ya again I would also like to echo the fact that it is just disappointing that if you look at the police budget, the funds that are going to the police, the GRT money that is going to the police I feel like it doesn't reflect the economic situation that we are in right now but if you look at any other area in life in Las Cruces it very clearly reflects the economic crisis we are in right now. I have heard it brought up you know, this was brought up in the public comments that we are calling the police the root cause. I am not calling the police the root cause I am saying that we should be funding to fix the root causes of crime and unsafe communities which is not having quality of life for the community members. When I look up the type of funding that the police department receives, when I hear numbers like 1,750,000/1,964,000 or specifically 450,000 secured by Heinrich for camera trailers, drones, automatic license plate readers, auto activated car and body cameras. I find it hard to believe the sob story of why the police need such a huge portion of our GRT money. This feels a lot like the GRT meeting of trying to figure out where to put these tiny amounts of money, making cuts here for that and again just the aspect of that we are not saying, we are saying to fund the community and it is really tragic to not see that reflected of all aspects, of all departments and that the community are the ones that are having to take the biggest hit for this.

Linda St. Clair, Member of the Public said I am the President of the Friends of Thomas Branigan Memorial Library. As you know from my emails, I care a lot about strategic budgeting, and I was very pleased to see the creation of two committees to start looking at things a little bit more strategically in terms of trying to get more alignment and increased efficiency. I do think those are important and of course you know I am disappointed in any cuts that are made to the library but I do want you to know that the Friends of the Library will be working very closely with Carol Brey and Sarah Booth to try and make up as best we can some of the cuts that have been made so that the library is able to meet the needs and the expectations of the community, Councilors Mattiace and Harris, we have money for food. That will be done. Not a problem. If anybody on the council would like to suggest other areas where they would like to see cuts not made, Councilor McClure, evening hours. Come and talk to the Friends of the Library because that is what we are here for. That what Friends are for is to try and help and make up when there are problems. I am really pleased to be able to do that to the extent that we can. We just had a book sale last weekend, I don’t recall seeing any of you there spending money, you should have been. It was a great sale. We made $1,645, goes into your food budget. But finally I want to thank all the members of the council and the staff for answering my myriad of questions and listening to my ideas and so some of them which are not fun to listen to and some of them are not as well baked as others are but there will be lots more questions going forward so I hope that you will continue to be patient with me.

City Councilor Cassie McClure moved, seconded by City Councilor Michael Harris, to amend Resolution No. 26-142 to add 60,000 to the Community Schools from the Telshor Fund.

RESULT:	**Carried**
MOVER:	City Councilor Cassie McClure
SECONDER:	City Councilor Michael Harris
AYES:	Mayor Eric Enriquez, City Councilor Cassie McClure, City Councilor William Mattiace, City Councilor Michael Harris, City Councilor Johana Bencomo, City Councilor Becky Corran, and Mayor Pro Tem John Munoz

City Councilor Becky Corran moved, seconded by City Councilor Michael Harris, to Approve Resolution No. 26-142 as amended.

RESULT:	**Carried**
MOVER:	City Councilor Becky Corran
SECONDER:	City Councilor Michael Harris
AYES:	Mayor Eric Enriquez, City Councilor Cassie McClure, City Councilor William Mattiace, City Councilor Michael Harris, City Councilor Johana Bencomo, City Councilor Becky Corran, and Mayor Pro Tem John Munoz

7.2 RESOLUTION NO. 26-143: A RESOLUTION APPROVING THE CAPITAL IMPROVEMENTS PROGRAM (CIP) FOR FISCAL YEAR 2027 THROUGH FISCAL YEAR 2032.

Cynthia Alamillo, CIP Manager gave the overhead presentation.

Councilor Corran said I really appreciate the weight of all of the unfunded projects and also the process that we use to determine how we are going to fund things, the updates that come and some things that have no funding whatsoever and I think streets is the place where I have seen this the most. I was wondering and I know you are pretty nerdy, affectionately I say, I know you really like data and are always thinking about this and I appreciate the way that you think about that but I was wondering if you might be able to at some point when we are doing CIP updates or something in the next however long, forever, there could be some kind of cost, some kind of rough number that is included with this about our delay cost that is, we put it off on average each project costs 10%, 12% more and I understand that is effected by a lot of externalities and I am not saying for every project. I just mean generally. I think it would be helpful for us to understand what it means when we say yes we are going to do this at this time, no we are not going to do it for three years, no we are never going to do that we just put it in the outer years and hope for the best money raining down from somewhere that there is a building cost to that but sometimes we do a plan and it is and that is the amount that we go with even though and the next year it is totally different from that so I am just hoping maybe you could include a little bit of not getting stuff done costs to help motivate us to think really critically about this. And again, it is just a mild request, but I think that weighs heavily on me and I think about Fire Station 9, specifically, which is a very clear example that we used GO Bond funding. We had a number when we started four years ago and a few years in that number was different and I know that there were changes both to change what it was going to look like to make it more in budget and the cost of the things that were happening but the slower we do things the worse that the steeper that becomes I think that graph and so I would love something included with this related to our dilly dally tax that we might be incurring as a city.

Cynthia Alamillo said that is part of the conversations that we need to initiate with departments given the large need for future funding we need to strategize and we needprioritize and make the hard decisions as to what projects get funded versus which ones not. So that implies what happens to a project if it does not get the funding as initially planned. So, it will include that in our conversations.

Councilor Harris said I appreciate the forward thinking that goes into our capital improvements. I agree that it would be nice to know if we don't get those projects done now, okay in the next five years and when we do actually get it done it is going to cost twice as much and so maybe we need to go ahead and get it done. The other comments I have are kind of related. Looking at this slide. Seeing half a billion dollars for FY2028, that is a statement, I don't know if it is a helpful number and what I mean by that is that we have so many projects that just saying that we have a billion dollars' worth of projects and is completely overwhelming and nobody can plan for that because everybody knows that we are not going to fund them for a billion and half dollars' worth of projects. So, it is good to know that we have all of this stuff and kind of this is our end goal, but I wonder what and also this is me coming in new, I am new to council, new to CIP of course. Would it be more helpful for us as a council to give directions that are more genericized? You have the categories in CIP plan like instead of having our nitpicky political fights which obviously is our job is to nitpick and pick politically nice topics, but like if we just said we want to put $10 million towards road improvements this year and every year from a variety of funding sources. I don't know what that looks like procedurally and $10 million is just a number I came up with, I am sure that doesn't even touch the road improvement budget. With that kind of maybe categorization level direction be more helpful and staff can be trusted to say, okay, council decided that since we have this big pot of GRT money for instance, and we want to fix and 60% of it goes to infrastructure improvements and that is the only number we say. Here is 60% we have vague idea projects like we are not holding you to those necessarily do what need to be done and then staff would go in and do what needs to be done. I am open to feedback on that suggestion or more details on what the process actually is and maybe I am right and that is what you already do so.

Cynthia Alamillo said there are tradeoffs in how the capital improvements program is managed. If we have just programs or just generalized programs there is flexibility on how funds are spent but then the tradeoff is given that we have limited funding. If we spell out the projects, we communicate to the community why and how those limited fundings have been able to spend and to what project. As we mentioned we have about 311 projects and so making that decision as to what gets funded, it is critical and it is not simple. So, it is just tradeoffs. One thing for the other. What we want to do is make sure that we have a reason as to how our limited funding is used across the boards in different capital projects. These are projects that are significant, they are visible, and they are expensive, so we want to make sure we are transparent as to how those capital funds are invested or spent. But like mentioned there are tradeoffs as to how much can we providing flexibility how much can we probably alleviate some of the operations versus what is the end result, but we can continue the conversation as to finding ways. So, we have engaged in conversations with departments to understanding the needs for the future for years, understanding additional strategies as to how can we prioritize and be strategic about the projects that get funded.

City Councilor Cassie McClure moved, seconded by City Councilor Michael Harris, to Approve Resolution No. 26-143.

RESULT:	**Carried**
MOVER:	City Councilor Cassie McClure
SECONDER:	City Councilor Michael Harris
AYES:	Mayor Eric Enriquez, City Councilor Cassie McClure, City Councilor William Mattiace, City Councilor Michael Harris, City Councilor Johana Bencomo, City Councilor Becky Corran, and Mayor Pro Tem John Munoz

8. BOARD APPOINTMENTS

8.1

None.

9. NOTICE OF PROPOSED ORDINANCE(S)

1) There will be no public discussion.
2) A Councilor may ask staff for clarification on the proposed ordinance(s).

9.1 <u>COUNCIL BILL NO. 26-022; ORDINANCE NO. 3114</u>: AN ORDINANCE AMENDING SECTION 2-1313 - APPRAISALS OF THE LAS CRUCES MUNICIPAL CODE.

Council agreed to bring it forward.

9.2 <u>COUNCIL BILL NO. 26-023; ORDINANCE NO. 3115</u>: AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND SUBORDINATE LIEN LOAN/GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY ("NMFA") AND THE CITY OF LAS CRUCES (THE "BORROWER/GRANTEE"), IN THE TOTAL AMOUNT OF $1,969,331, INCLUDING A GRANT IN THE AMOUNT OF $1,772,398, AND A LOAN IN THE AMOUNT OF $196,933 EVIDENCING AN

OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF DESIGNING, CONSTRUCTING AND REPAIRING LAS ALTURAS DEL SOL WATER STORAGE TANK AND BOOSTER STATION, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE SUPER SUBORDINATE LIEN PLEDGE AND PAYMENT OF THE LOAN AMOUNT AND AN ADMINISTRATIVE FEE SOLELY FROM THE NET SYSTEM REVENUES OF THE JOINT WATER, WASTEWATER, AND GAS UTILITY SYSTEM OF THE BORROWER/GRANTEE; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

Council agreed to bring it forward.

10. CITY COUNCIL MEMBER BOARD REPORTS AND COMMENT

10.1 COUNCILOR MCCLURE

I just want to thank everyone for your support in Community Schools. I think it is very important and I am just glad you all helped with that along as well.

10.2 COUNCILOR MATTIACE

None.

10.3 COUNCILOR HARRIS

I have two comments, actually three. One which was brought up in public comment as one of the councilors who was questioning how we awarded those Public Health Service Funds I appreciate the suggestion to kind of change that model. So, I agree with the allocation. What concern me was the words that were being used in how those grants were processed and I think Nicole’s comments earlier sounded interesting and I would be open to a Work Session or something to approach that further. Other thing is I had this in my notes but also Councilor Bencomo mentioned it, I would be interested in a Work Session or departmental highlight on risk management and our liability risk and things that are being done to reduce those things. I know that is something that is being worked on and we have to pay this $6/$7 million to those things in this budget and a lot of that is because of stuff that happened in the past and we have new programs that ought to be reducing that. On the PD side, on the HR side, just across the board and I think this would be very interesting for us and the public to kind of learn more about that.

Likewise, it was mentioned that Public Works was having a hard time responding to copper theft and I understand that we might be looking at or staff has been looking at ways to discourage that more and so I would be interested in taking that up at a future council meeting as well.

10.4 COUNCILOR BENCOMO

Thank you Councilor Harris, I agree with both of those. All of your suggestions actually including looking at that process for the awards and definitely for the liability risk. I just have one comment that I want to make today. Last week I got a very interesting email from a very passionate 10-year-old in our community, resident of Las Cruces who wanted to express her concern regarding the number of chickens allowed in the city and she is advocating for us to raise that to at least 10 chickens. Honestly, in this economy I think that is a really valid suggestion and I am wondering if this is an administrative ask? I am wondering if the number that currently exists in the code, if it came up because of certain health reasons or if there was an arbitrary number. I think it is a very valid request from this young lady and would love for us to have that conversation and whether it can happen at or not. I of course invited her to come to public comment so hopefully we will see her once school is out for the summer.

10.5 COUNCILOR CORRAN

On this chicken question I genuinely do not remember how we came up with that number, but I don't remember that it was a public health related. I don't think it was a public health related and I don't think it was related to a particularly robust research process. I can say that I didn't do any research in understanding what the best number of what urban chickens might be but I do know that we have very explicit other restrictions on noisy roosters but chickens, I don't know but I will attest that I don't think that is a particularly well researched part of the ordinance so I would help in figuring out how to change that part of the ordinance as well. I actually also had a really interesting conversation with someone because a potbelly pig arrived at the shelter and we weren't clear, we weren't sure if a potbelly pig was something that people could have or not in the city. Yes, they can, Brad is shaking his head but great conversations and in that case it is a bummer because the pig ended up in the shelter but I really appreciate the person that reached out to you Councilor Bencomo. To that idea of animals the shelter had on Thursday of last week 62 animals came in on one day and about 40 kittens, 22 dogs, or something like that. And so, I just want to reaffirm what Amelia mentioned earlier that you can save a life. I have a whole bunch of supplies to help someone if they want to foster, including a little backpack if you want to carry the kittens around with you, but the shelter is being inundated with kitten season and a combination of other factors that they are experiencing. So, I do want to speak to the power of fostering and how important it is at this moment.

Last, I want to just call out, Thursday we will be having the ribbon cutting or grand sort of discussion at the Peachtree grand opening although people have been living there for several weeks if not a month or so now. That is 144 units coming online for people in District 5 near a middle school and elementary school and the apartments are amazing and I think they are almost all leased or pre-leased. Then the second phase will be coming up pretty soon, so I am very excited about that grand opening and to welcome those folks to their new neighborhood and to our neighborhood

10.6 COUNCILOR MUNOZ

As move forward I would like to encourage my colleagues to consider the Youth Council that we have been talking about in pushing that forward. If I go back to the

Picacho elementary students, right after that I was meeting the Economic Development team, it is a team we should definitely support to bring in revenues with a company that was coming in, investors, there is leadership, a very innovative idea and will create a good number of jobs here in Las Cruces but I thought it was a little late but I couldn't get away, I couldn't get away from the students that were interactive and engaged and they talked to me about water usage and recycling and safety. These are elementary kids who are so intelligent and I wanted to thank also Chief Daniels for sending some firefighters there. They spent some time with them, ate most of the pizza but they had great patience and great time with the kids, and I appreciated that and I think about today. We talked about the budget, and I will tell you that there is a stat of 44%/45% of couples break up or divorce because of finances. I don't want to see a divorce, but I want us to have honest direct conversations which I think we did. It was a difficult conversation, but we will work through it together. This is our opportunity to really be creative, to talk to each other, to not just survive but to thrive through this because when we think about this it is really about our future. It is about our youth, it is about the kids and what type of community we are going to leave them.

10.7 MAYOR ENRIQUEZ

We have all talked about the youth and we all talked about the Community Schools and things, so I just wanted to say thank you to our Police Department. One of the things that has been gone for years in our schools is the DARE Program and on Friday was the first graduating class at Conlee elementary for the DARE Program. Helping students make good choices to eliminate drug and alcohol from their lives and this is a great program and we are going to continue it and keep moving forward and that is why I said that the partnerships with the school are so vital to our community and also for our youth. I just want to thank the Mayfield High School Football Booster Club that brought back the Gus Macker again this past weekend and there was over 200 teams, a lot of youth competing and having fun on the courts and it is a good thing. With that, thank you again Police, Fire, Public Works for providing services and helping with that event. Again, brings activities to our community, brings GRT to our community and just gives an opportunity as Mayor Pro Tem said so that our community can thrive and that is what we want to do. The budget, the cuts it is difficult. It is tough. It is challenging. We have got to see how we can reduce and be better and be high performance organization is what we are looking for to serve our residents in this community and so again I thank you all for that task that has been very difficult and challenging but like everything else we will get through it. We will get through it and we will thrive.

11. CITY MANAGER REPORT

11.1 IKANI TAUMOEPEAU

I wanted to share one thing, and it might be a bit longer than normal. I did want to be a bit more personal today if I may. Last week at city council I appreciated some of you who knew Jonathan Delgado and shared some words. I did not personally know him, and it has been my goal to try to get to know the person he was. So, I would like to share a few thoughts if I may. Some of you may have noticed that I am wearing a pin. This is a pin that I got from his vigil. It is of him and in life many of us have lost loved ones and it is so easy at times to move forward and so I have been trying not too far forward before taking the time to really understand who this gentleman was. Jonathan Anselmo Delgado-Naegele tragically passed away on May 3rd. But since that time, I have made an effort to learn more about Jonathan, his work, his life, his relationships and the impact he had on so many people. Two Fridays ago, I made a surprise visit to our museum's staff to check in with them, connect with them and to visit Jonathan's office. I am grateful to staff members like Brian who took the time to walk me around and introduce me to everyone and to Garland Courts and the entire team who made time for me that day. My heart continues to go out to all of our Las Cruces museum staff including Mina Stafford who was here earlier, Shelly Richard and everyone who worked alongside Jonathan. Last week I had the blessing of attending Jonathan's vigil at the historic Railroad Museum. When I arrived, I could not find parking. I parked a few blocks away and when I walked towards the museum, I noticed that there were several events happening at the same time. At first, I thought there must have been some poor planning or competing events in the same space but when I arrived, I quickly realized something much more meaningful. Those were not competing events, they were organizations and people Jonathan had worked with that support, that he empowered and advocated for. In many ways the full parking lot and the busy museums were a reflection of Jonathan's life. Full of people, purpose and full of community. I had only planned to stay for a few minutes at the vigil, check in with staff and quietly leave. I even stood next to the exit door thinking that would make slipping away easier but then the floor opened to people to share their stories about Jonathan and I found myself unable to leave. Story after story was shared about his kindness, his passion, his charisma, his courage and his ability to bring people together. As I stood there listening all I could think about is the regret I felt that I had not had the opportunity to know this amazing individual while he was still with us. Jonathan was only 28 but his impact was far beyond his years. He was an educator, an organizer, a curator and a bridge builder. Through his work with Las Cruces Museums, his service to young people, his relationships with community members and his deep love for Las Cruces. He showed what public service can look like when it is rooted and purposed in heart. I also had the opportunity to attend his funeral this past weekend, and my heart and prayers go out to his parents Mr. Anselmo Delgado-Martinez and Ms. Kathryn Naegele-Delgado, to his family, to his best friend Dom, to his girlfriend Lilly, and to all his friends who were truly like family to him. Jonathan's life is a testament to the kind of extraordinary people we have working for the City of Las Cruces, people who serve quietly, who poor themselves into the work, who build community, who make a difference in ways that we may not fully understand until we stop and listen. May Jonathan rest in peace and may his family, friends, co-workers and all who loved him be comforted by the incredible legacy he leaves behind.

12. ADJOURNMENT

12.1

City Councilor Michael Harris moved, seconded by City Councilor Becky Corran, to adjourned at 4:36 p.m.

RESULT:	**Carried**
MOVER:	City Councilor Michael Harris
SECONDER:	City Councilor Becky Corran
AYES:	Mayor Eric Enriquez, City Councilor Cassie McClure, City Councilor William

Mattiace, City Councilor Michael Harris, City Councilor Johana Bencomo, City Councilor Becky Corran, and Mayor Pro Tem John Munoz

Mayor

City Clerk

Agenda Item #6.1.

26-150

Type of Action:
☒ Resolution
☐ Ordinance
☐ TIDD Resolution

City Council Action and Executive Summary

District:	☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☒ N/A		
1st Reading:		**Adopted:**	June 15, 2026
Drafter:	Christine Rivera	**Department:**	City Manager's Office

Title:	**A RESOLUTION IN SUPPORT OF THE BUREAU OF LAND MANAGEMENT AND NEW MEXICO STATE LAND OFFICE LAND EXCHANGE.**

TYPE OF ACTION: ☒ **Administrative** ☐ **Legislative** ☐ **Quasi-Judicial**

PURPOSE(S) OF ACTION:
To support a land exchange between BLM and the State Land Office.

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:
The Dingell Act of 2019 directs a land exchange between the United States Bureau of Land Management (BLM) and the New Mexico State Land Office (NMSLO). The NMSLO would exchange for BLM lands on the Las Cruces West Mesa, which would be leased by the NMSLO to support commercial development and grow jobs in the area's industrial park and at the airport, and which would support the NMSLO's beneficiary institutions including New Mexico public schools, universities, and other public institutions critical to the well-being of New Mexicans. Secretarial Order 3442 of 2025 directs local governments to provide written support for projects concerning Land and Water Conservation Fund, and land exchanges between state and federal entities. This resolution will be provided as the written support regarding this land exchange.

PLAN(S):
None

COMMITTEE/BOARD REVIEW:
None

DOES THIS AMEND THE BUDGET?:
☐ Yes
☒ No

Does this action amend the Capital Improvement Plan (CIP)?
☐ Yes
☒ No

OPTIONS / ALTERNATIVES:
1. Vote "Yes"; this will approve the resolution in support of the land exchange.
2. Vote "No"; this will not approve the resolution in support of the land exchange.

3. Vote to "Amend"; this will require direction to staff.
4. Vote to "Table"; this will delay the written support to the State.

RESOLUTION 26-150

A RESOLUTION IN SUPPORT OF THE BUREAU OF LAND MANAGEMENT AND NEW MEXICO STATE LAND OFFICE LAND EXCHANGE.

The City Council is informed that:

WHEREAS, the Dingell Act of 2019 directs a land exchange between the United States Bureau of Land Management (BLM) and the New Mexico State Land Office (NMSLO); and

WHEREAS, the BLM has a mission to administer lands for multi-use and sustainable yield, ensuring that public lands benefit everyone, and are conserved for many more generations to come; and

WHEREAS, the NMSLO is dedicated to generating funds for New Mexico public schools, universities, and other public institutions critical to the well-being of New Mexicans; and

WHEREAS, both the NMSLO and BLM are important land management agencies in our area working to ensure lands are maintained for economic, cultural, educational, and recreational purposes; and

WHEREAS, the City of Las Cruces is at the center of the popular Organ Mountains Desert-Peaks (OMDP) National Monument, which is integral to the city's economy, environment, and quality of life; and

WHEREAS, tourism brought in $35 million in positive economic impact and supports 305 jobs in 2022; and businesses and new residents to Las Cruces often cite the mountains and opportunities for outdoor recreation as major reasons for settling in our growing city; and

WHEREAS, the NMSLO would exchange for BLM lands on the Las Cruces West Mesa, which would be leased by the NMSLO to support commercial development and grow jobs in the area's industrial park and at the airport, and which would support the NMSLO's beneficiary institutions including New Mexico public schools, universities, and other public institutions critical to the well-being of New Mexicans; and

WHEREAS, the BLM would gain infill lands from the NMSLO that would allow for more efficient and holistic management of the OMDP National Monument; and

WHEREAS, the citizens of Las Cruces deeply value their public lands for their recreational, economic, cultural, and spiritual significance, recognizing that these lands are accessible to all; and

WHEREAS, Secretarial Order 3442 of 2025 directs local governments to provide written support for projects concerning Land and Water Conservation Fund, and land exchanges between state and federal entities.

NOW, THEREFORE, Be it Resolved by the Governing Body of the City of Las Cruces:

(I)

THAT the Governing Body expresses its strong support for the this between the United States BLM and the NMSLO.

(II)

THAT the Governing Body opposes any further delays to this process.

(III)

THAT the Governing Body encourages the U.S. BLM to prioritize this exchange in order for both federal and state agencies involved to focus other matters regarding the maintenance and the restoration of the public lands surrounding the City of Las Cruces.

(IV)

THAT a copy of this resolution shall be forwarded to the entire New Mexico Congressional Delegation, the U.S. Department of Interior, the New Mexico Bureau of Land Management State Office, the New Mexico State Land Office, and Las Cruces BLM District Office.

(V)

THAT City staff is hereby authorized to do all deeds as necessary in the accomplishment of the herein above.

DONE AND APPROVED this day of

APPROVED

____

ATTEST:

____

Moved by:

Seconded by:

AYES

NAYS

Agenda Item #6.2.

26-151

City Council Action and Executive Summary

Type of Action:
☒ **Resolution**
☐ **Ordinance**
☐ **TIDD Resolution**

District:	☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☒ N/A		
1st Reading:		**Adopted:**	June 15, 2026
Drafter:	Gaby Prats	**Department:**	Financial Services

Title:	**A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES (CITY) TO ACCEPT GRANT AWARDS FOR VARIOUS CITY DEPARTMENTS THROUGH AN AMENDMENT TO THE CITY'S ADOPTED FY2026 BUDGET.**

TYPE OF ACTION: ☒ **Administrative** ☐ **Legislative** ☐ **Quasi-Judicial**

PURPOSE(S) OF ACTION:
To accept grant awards and amend the FY26 budget.

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:
The City of Las Cruces (City) relies on grant funding for many of the critical programs provided each year for the residents of Las Cruces. Grant funding awards are received throughout the fiscal year and are not budgeted during the normal fiscal year budgeting process. Funds are not budgeted until the City has received a grant award agreement due to the unpredictable nature of funding levels and timing.

Per the City's Grants Administration Program Policy, the City Manager, or his designee, may execute grant agreements with funding agencies. Upon receipt of the fully executed agreement from the funding agency, the Council may adjust the budget.

The request for City Council is to accept the budget adjustments to be used by the departments for the scope of work as defined by each grant agreement.

SUPPORT INFORMATION:
Exhibit "A" - Fund Summary
Attachment "A" - HNS - FY27 Housing Innovation Fully Executed Agreement

PLAN(S):
Elevate Las Cruces

COMMITTEE/BOARD REVIEW:
None

DOES THIS AMEND THE BUDGET?:
☒ Yes
☐ No

BUDGET / FISCAL IMPACT:

BUDGETED AMOUNT: 500,000 **AVAILABLE AMOUNT:** 500,000 **EXPENDITURE AMOUNT:** 500,000

Funding Source(s):
New Mexico Mortgage Finance Authority as Trustee of the New Mexico Housing Trust Fund (State funds)

Overall Budget Impact:
Please refer to Exhibit "A" Fund Summary

Does this action amend the Capital Improvement Plan (CIP)?
☒ Yes
☐ No

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will approve the Resolution to accept the grant awards as presented and amend the City's FY2026 Budget.
2. Vote "No"; this will not approve the Resolution to accept the grant awards as presented and amend the City's FY2026 Budget.
3. Vote to "Amend"; this could delay the Resolution and the process of spending the grant funds within the predetermined grant schedule and require direction to staff.
4. Vote to "Table"; this will delay the Resolution and will impact the implementation of the grant agreement, the City department's ability to utilize the funds and return the grant funds to the granting agency.

RESOLUTION 26-151

A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES (CITY) TO ACCEPT GRANT AWARDS FOR VARIOUS CITY DEPARTMENTS THROUGH AN AMENDMENT TO THE CITY'S ADOPTED FY2026 BUDGET.

The City Council is informed that:

WHEREAS, the City has received notice of grant awards for various City departments; and

WHEREAS, the grants will be used as designated in the scope of work and within the specified time period as shown in the grant agreements executed by the City Manager, or his designee; and

WHEREAS, the grant agreements that are the subject of this budget adjustment will be attached to the Resolution starting as Attachment "A" and each additional agreement will be attached as subsequent attachments.

NOW, THEREFORE, Be it Resolved by the Governing Body of the City of Las Cruces:

(I)

THAT the City hereby amends the FY2026 City Budget and accepts all grant awards as shown in the Fund Summary, Exhibit "A", attached hereto and made part of this Resolution, are hereby approved.

(II)

THAT the City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this day of

APPROVED

____

ATTEST:

____

Moved by:

Seconded by:

AYES

NAYS

CITY OF LAS CRUCES *Exhibit "A"*

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	4100 CAPITAL PROJECTS REIMB GRANTS 2025-26			
	Original Budget	**Amended Budget**	**Req. Adjustment**	**Adjusted Budget**
RESOURCES				
Beginning Balance	$ 0	(0)	0	(0)
Revenues				
Municipal Gross Receipts Tax	0	0	0	0
Public Safety Gross Receipts Tax	0	0	0	0
Hold Harmless Replacement GRT	0	0	0	0
State-Shared Gross Receipts Tax	0	0	0	0
Environmental Gross Receipts Tax	0	0	0	0
County Environmental Gross Receipts Tax	0	0	0	0
Internet Sales Gross Receipts Tax	0	0	0	0
Gasoline Tax	0	0	0	0
Cannabis Excise Tax	0	0	0	0
Lodgers Tax	0	0	0	0
Property Taxes	0	0	0	0
Payment In Lieu of Property Tax	0	0	0	0
Franchise Fees	0	0	0	0
Payment In Lieu of Franchise Fees	0	0	0	0
Licenses, Fees & Permits	0	0	0	0
Convention Center Fee	0	0	0	0
Auto License - State Shared	0	0	0	0
Fines & Forfeitures	0	0	0	0
Charges For Services	0	0	0	0
Natural Gas Sales - Commodity	0	0	0	0
Motor Pool Maintenances Charges	0	0	0	0
Fuel Charges	0	0	0	0
Intergovernmental	0	0	0	0
Investment Income	0	0	0	0
Miscellaneous Revenues	0	0	0	0
Federal Grants	3,733,291	11,622,748	0	11,622,748
State Grants	21,868,272	41,915,449	500,000	42,415,449
Local Grants	0	107,777	0	107,777
Debt Service	0	0	0	0
Total Revenues	**25,601,563**	**53,645,974**	**500,000**	**54,145,974**
TOTAL RESOURCES	**$ 25,601,563**	**53,645,974**	**500,000**	**54,145,974**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	6,212,832	10,651,607	500,000	11,151,607
Legal	0	0	0	0
Las Cruces Police Department	154,751	2,702,182	0	2,702,182
Las Cruces Fire Department	159,336	85,444	0	85,444
Utilities	0	0	0	0
Economic Development	1,710,644	2,418,143	0	2,418,143
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	1,427,361	0	1,427,361
Assistant City Manager-500	0	522,420	0	522,420
Parks & Recreation	3,454,532	6,390,627	0	6,390,627
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	13,909,468	29,448,190	0	29,448,190
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 25,601,563**	**53,645,974**	**500,000**	**54,145,974**
Other Resources				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
Total Other Resources	**$ 0**	**0**	**0**	**0**
Accrual Adjustments	0	0	0	0
ENDING BALANCE	**$ 0**	**(0)**	**0**	**(0)**

NEW MEXICO MORTGAGE FINANCE AUTHORITY
NEW MEXICO HOUSING TRUST FUND (NMHTF)
HOUSING INNOVATION PROGRAM
GRANT AGREEMENT

MFA New Mexico Mortgage Finance Authority, as Trustee of the New Mexico Housing Trust Fund	**Agreement Number** 25-CLC-REN-NMHTF-STB
Grantee City of Las Cruces	**Grant Amount** $500,000
Leverage Funds Amount (if any) $351,932	**Period of Performance** April 20, 2026 – April 19, 2028

THIS GRANT AGREEMENT (the "Agreement") is made effective as of April 20, 2026, between City of Las Cruces a New Mexico Governmental Entity ("Grantee,") whose address is 700 N. Main Street, Las Cruces, NM 88001, and New Mexico Mortgage Finance Authority, a public body politic and corporate, separate and apart from but constituting a governmental instrumentality of the state of New Mexico, as trustee of the New Mexico Housing Trust Fund ("MFA").

WHEREAS, MFA is the trustee of the New Mexico Housing Trust Fund ("NMHTF") pursuant to the New Mexico Housing Trust Fund Act, Sections 58-18C-1 et seq. NMSA 1978 (the "NMHTF Act"), which Trust was created to provide flexible funding for housing initiatives in order to produce significant additional housing investment in the state of New Mexico;

WHEREAS, the New Mexico Legislature has appropriated funds to the NMHTF for use under the NMHTF Act which funds are also subject to the provisions of the Affordable Housing Act, Sections 6-27-1 et seq. NMSA 1978 (the "Affordable Housing Act"), and Section 7-27-49 of the Severance Tax Bonding Act, 7-27-1 et seq. NMSA 1978 (the "Severance Tax Bonding Act");

WHEREAS, Grantee submitted an application in response to MFA's Housing Innovation Program (the "Program") NOFA seeking a grant to be used for the project described in the Scope of Work, **Exhibit B** to this Agreement ("Project") which Project will benefit Low-or Moderate-Income Persons or Households (defined below);

WHEREAS, Grantee has among its purposes significant activities related to providing housing or services to individuals of Low-or Moderate-Income Persons or Households;

WHEREAS, Grantee shall administer the Project in compliance with the NMHTF Act, the NMHTF Act Rules, the Affordable Housing Act, the Affordable Housing Act Rules, and the Severance Tax Bonding Act (collectively, the "Laws and Rules"); and

WHEREAS, the Grantee represents and warrants that it has the necessary capacity for the implementation, administration and delivery of the Project in accordance with the terms of this Agreement.

NOW THEREFORE, MFA and Grantee, in order to ensure proper implementation, administration and delivery of state funded affordable housing Projects, agree to the following:

Article 1. Project Funds

A. Source of Funding. Funding provided pursuant to this Agreement originates from the NMHTF.

B. Maximum Grant Amount. Project Funds to be disbursed under this Agreement shall not exceed $500,000 (Five hundred thousand dollars) in Project Funds set forth in the **Budget** attached as **Schedule C**.

C. Disbursement Limitations. Except as otherwise provided herein, Project Funds are set to be disbursed on a reimbursement basis consistent with amounts set forth in **Paragraph B** of this **Article 1** of the Agreement.

D. Cost Reimbursements/Budget. Payment shall be made upon MFA's receipt from the Grantee of actual expenditures for Verified Eligible Expenses (defined in **Article 2, Paragraph D**) allowable under the terms of this Agreement. Reimbursements will be made in accordance with the **Budget** attached as **Schedule C.** Budget amendments must be accomplished through the Amendments to Agreement procedures stipulated in **Paragraph I** of **Article 1** of this Agreement.

E. Invoices. Grantee shall submit invoices on a monthly basis unless written approval is obtained in advance from MFA. Failure to submit invoices within ten (10) days of the close of the month for which payment is sought may result in the non-availability of funds for reimbursement. MFA requires a minimum of 5 business days to process an invoice. Where Program Funds will be used for acquisition, Program Funds up to the Maximum Grant Amount may be paid at closing with appropriate documentation provided to MFA in advance.

F. No Dual Application of Costs. The Grantee certifies that any costs claimed pursuant to this Agreement will not be allocable to or included as a cost of any other Grantee operated Project, contract, or activity not approved by MFA in advance in writing.

G. Prohibition of Substitution of Funds. Any Project Funds or other amounts received by the Grantee under this Agreement may not be used by the Grantee to replace other amounts made available or designated by state or local governments through appropriations for use for the purposes of the Project.

H. Request for Reimbursement Forms. Grantee will complete **Schedule E** to include the designated staff who will prepare and submit the Request for Reimbursement Forms. The amount of each request must be limited to the amount supported by all applicable backup documentation. Final Request for Reimbursement must be submitted by the Grantee to MFA no later than thirty (30) days after the expiration of this Agreement (Period of Performance shown on page 1 of this Agreement).

I. Amendments to Agreement. Amendments to this Agreement shall be made by written instrument, executed by both parties, in accordance with **Article 13** of this Agreement. In the event Grantee desires to amend the Budget, Scope of Work, or Schedule of Completion, Grantee shall request a written amendment and explain the reason for the need for the amendment. Only after the proposed amendment is approved in writing by MFA, may Grantee deviate from the previously approved Budget, Scope of Work or Schedule of Completion.

Article 2. Scope of Work

The Grantee is required to provide and/or ensure the following:

A. Project Design. The Grantee shall submit to MFA for approval a **Scope of Work** attached as **Schedule B** which describes the (a) activity to be undertaken, (b) intended use of the Project Funds (c) targeted income group to be served, (d) number of units or households to be assisted, (e) applicant intake procedures, and/or (f) other information that is necessary to describe the nature and scope of the Project. The Scope of Work may be amended as provided in **Article 1**, **paragraph I**, and **Article 14** of this Agreement.

B. Completion and Disbursement Schedule. The Grantee shall submit to MFA for approval a **Schedule of Completion** attached as **Schedule D** stating the time frame for use of Project Funds. Failure to adhere to the **Schedule of Completion** will be grounds for termination of the Agreement as stipulated in **Article 4** of this Agreement. The **Schedule of Completion** may be amended as provided in **Article 14** of this Agreement.

C. Rate at Which Costs Are Incurred. Grantee can utilize Project Funds as needed and Project Funds can even be spent and billed for reimbursement in one month or all at a closing where funds are to be used for acquisition. MFA encourages Grantee to spend the Project Funds expediently and invoice no more than monthly, preferably expending the entire award in one invoice.

D. Use of Project Funds. Grantee agrees that Project Funds will be used solely to pay for “verified eligible costs” (defined below) related to the Project. Verified Eligible Costs are reasonable and customary costs that are directly attributable and traceable to capital projects that directly benefit Low-or Moderate-Income Persons or Households, including costs of infrastructure and infrastructure purposes, the costs necessary to support, operate or own affordable housing projects, the acquisition, construction, rehabilitation, renovation, reconstruction, alternation or repair of residential housing, multi-family housing, congregate housing facilities, transitional housing facilities or buildings for use as or that will provide affordable housing.

E. Beneficiaries of Project Funds. Project Funds must benefit low-or moderate-income persons or households as defined by the Affordable Housing Act Rules, as may be amended, but which as of the date of this Agreement define “Low-Income Persons or Households” as persons or households with incomes up to 80% of the Area Median Income (“Ami”) and “Moderate-Income Persons or Households” as persons or households with income above 80% and up to 150% of the AMI.

F. Compliance. The development, implementation, administration and delivery of the Project provided for under this Agreement shall be consistent with each of the following: (a) the Laws and

Rules, and (b) the requirements, conditions and Program and Project descriptions contained in this Agreement.

G. Timely Expenditure of Project Funds. All Project Funds awarded to the Grantee under this Agreement shall be obligated and expended in accordance with the approved **Schedule of Completion** attached hereto as **Schedule D**.

H. Leverage Funds. Leverage funds are contributions to the Project that are necessary to ensure its completion and were proposed to MFA by Grantee in its Program application. Leverage Funds, if any, are shown on the first page of this Agreement. Sources of Leverage funds, if applicable to this Agreement, should be identified by the Grantee and provided to MFA upon contract execution.

I. Other Requirements. The Grantee shall comply with and conduct each activity in compliance with all applicable state and federal laws and the Laws and Rules.

J. Loss, Destruction or Damage to Property. In the event that the Grantee is indemnified, reimbursed, or otherwise compensated for any loss or destruction of, or damages to any property which has been acquired, rehabilitated, converted, repaired, constructed or leased with Project Funds, the Grantee shall use the proceeds to repair, renovate, or replace the property involved or shall credit such proceeds against the cost of the work, or shall otherwise reimburse MFA as directed by MFA.

K. Authority. Grantee shall provide MFA a certified resolution of Grantee authorizing the signer to execute this Agreement and all other Grant Documents.

L. Good Standing. Grantee shall provide MFA a certificate of good standing or existence as applicable for Grantee dated within ninety (90) days of execution of this Agreement.

M. 501(c)(3) Status (if applicable). If Grantee is a 501(c)(3) Grantee shall have provided to MFA proof (i) of 501(c)(3) status, and (ii) that no part of the 501(c)(3)'s net earnings shall inure to the benefit of any member, founder, contributor or individual.

N. Disclosure Statement. Grantee shall have provided to MFA a statement disclosing (i) any political contribution or gift valued in excess of $250 (singularly or in the aggregate) made by Grantee or its affiliates or any of their executive officers to any elected official of the state of New Mexico in the last two years; (ii) any current or proposed business transaction between Grantee and any member, director officer or employee of MFA; and (iii) any other conflict or potential conflict which may give rise to a claim of conflict of interest;

O. Accounting System. Grantee has a functioning accounting system that is operated in accordance with generally accepted accounting principles or has designated an entity that will maintain such an accounting system consistent with generally accepted accounting principles.

P. No Significant Audit Findings. Grantee does not have any significant financial audit findings, and no significant outstanding or unresolved monitoring findings from any governmental entity, or from MFA, or otherwise; or if it has any such findings, it has a certified letter from the governmental entity, MFA, or otherwise, stating that the findings are in the process of being resolved.

Q. Not Suspended/Disbarred. Grantee has not been suspended, debarred or otherwise restricted by any department or agency of the federal government or any state government from doing business with such department or agency because of misconduct or alleged misconduct.

R. No Default on Bond. Grantee has not defaulted on any obligation covered by a surety or performance bond.

S. Third-Party Code of Conduct. Grantee will at all times comply with MFA's Third-Party Code of Conduct, which can be found at https://housingnm.org/uploads/documents/Third_Party_Code_of_Conduct.pdf.

Article 3. Term of Agreement

A. Effective Date. This Agreement shall become effective on April 20, 2026, and shall expire on April 19, 2028, unless terminated pursuant to Article 4 of this Agreement. Thereafter, MFA shall have no obligation to provide Project Funds to the Grantee.

Article 4. Termination

A. Termination for Default. In addition to other remedies MFA may have, MFA may terminate or suspend this Agreement, in whole or in part, if the Grantee materially fails to comply with any term of this Agreement and fails to cure such breach, within the cure period set forth in **Article 5**, and following completion of the dispute resolution process set forth in **Article 26**. In the event either Party brings an action or proceeding for the declaration of the rights of the parties under this Agreement, for injunctive relief, for an alleged breach or default hereof, or any other legal action arising out of this Agreement, or the transactions contemplated hereby, or in the event Grantee is in default of its obligations pursuant hereto, the prevailing Party shall be entitled to reasonable attorney's fees and costs.

If Grantee is in breach under any provision of this Agreement and fails to cure such breach, MFA, following the notice and cure period set forth in **Article 5** and dispute resolution process set forth in **Article 26**, may terminate this entire Agreement or any part of this Agreement. Grantee shall continue performance of this Agreement to the extent not terminated, if any.

1) Obligations and Rights

To the extent specified in any termination notice, Grantee shall not incur further obligations or render further performance past the Effective Date of such notice, and shall terminate outstanding orders and subcontracts with third parties. However, Grantee shall complete and deliver to MFA all work not cancelled by the termination notice and may incur obligations as necessary to do so within this Agreement's terms. At the request of MFA, Grantee shall assign to MFA all of Grantee's rights, title, and interest in and to such terminated orders or subcontracts. Upon termination, Grantee shall take timely, reasonable and necessary action to protect and preserve property in the possession of Grantee but in which MFA has an interest. At MFA's request, Grantee shall return materials owned by MFA in Grantee's possession at the time of any termination. Grantee shall deliver all completed work product and all work product that was in the process of completion to MFA at MFA's request.

2) Payments
Notwithstanding anything to the contrary, MFA shall only pay Grantee for accepted work received as of the date of termination.

3) Damages and Withholding
Notwithstanding any other remedial action by MFA, Grantee shall remain liable to MFA for any damages sustained by MFA in connection with any breach by Grantee, and MFA may withhold payment to Grantee for the purpose of mitigating MFA's damages until such time as the exact amount of damages due to MFA from Grantee is determined. MFA may withhold any amount that may be due Grantee as MFA deems necessary to protect MFA against loss including, without limitation, loss as a result of outstanding liens.

C. Delivery of Project Funds. In the event of termination of this Agreement, the Grantee deliver to MFA within 30 days of termination, originals of all documents regarding Project Funds, all accounts receivable and all contracts, records, files and other instruments and documents related to the Projects described in **Article 2**, **Scope of Work**, whether or not any Project Funds have been expended with respect to such Project.

Article 5. Breach/Remedies

A. Notice and Cure. In the event of a Breach of this Agreement, the aggrieved party shall give written notice of Breach of Agreement to the other party, explaining the action to be taken and the reasons therefore, including any violations, deficiencies, or areas of non-compliance that must be corrected. If the notified party does not cure the breach, at its sole expense, within 30 days after the delivery of written notice, MFA may exercise any of the remedies described in **Articles 4** and **5** of this Agreement, provided that for disputes related to curable breaches, MFA shall endeavor to resolve the dispute through the dispute resolution process described **Article 26** of this Agreement. If a LURA is recorded, failure to comply with the Terms of the LURA, if not cured within 30 days after delivery of written notice, shall constitute and "Event of Default" under the LURA and MFA shall be entitled to specifically enforce the LURA. Notwithstanding any provision of this Agreement to the contrary, MFA, in its discretion, need not provide notice or a cure period and or follow the dispute resolution process described in **Article 26** and may immediately terminate this Agreement, in whole or in part, or institute any other remedy in this Agreement in order to protect Project Funds or the public interest of the state of New Mexico.

B. MFA Remedies. If Grantee or any of its subcontractors fails to comply with the terms of this Agreement, MFA may exercise all its remedies under **Article 4** of this Agreement, and any other remedies that may be available at law or in equity, in its discretion, concurrently or consecutively, including but not limited to:

1) Withhold Project Funds. MFA may temporarily withhold reimbursements pending correction of the deficiency by the Grantee.

2) Disallow Costs. MFA may disallow all or part of any cost of the Project that is not in compliance with this Agreement.

3) Reduction/Withdrawal of Project Funds. MFA may reduce or withdraw any Project Funds committed under this Agreement.

4) Mandatory Repayment of Funds. Require the Grantee to repay Project Funds expended under this Agreement within 60 days after written demand from MFA.

5) Legal Proceedings. If the Grantee refuses or fails, as determined by MFA, to satisfactorily correct any compliance deficiencies or violations, MFA may require repayment of Project Funds expended on the Project for which Grantee has failed to correct such deficiencies or violations and MFA may initiate legal proceedings against Grantee for recovery of Project Funds and, where appropriate, damages, and/or foreclosure proceedings against the Property and Projects developed, acquired, or acquired and rehabilitated using Project Funds under this Agreement.

6) Specific Performance. If an Event of Default has occurred and continues uncured beyond the end of the cure period, MFA may compel specific performance of the LURA, if a LURA has been recorded.

7) Debarment and Suspension from Future Participation. MFA may bar the Grantee from future participation in the Program and other affordable housing Projects which MFA manages or controls.

C. Grantee Remedies. If MFA is in breach of any provision of this Agreement and does not cure such breach, Grantee, following the notice and cure period described in this Article, and completion of the dispute resolution process described in **Article 26** of this Agreement shall have all remedies available to it at law and in equity.

Article 6. Land Use Restriction Agreement / Transfers.

A. Land Use Restriction Agreement / Affordability Period. A Land Use Restriction Agreement ("LURA"), in the form attached hereto as **Schedule A**, restricting the use of the property during the Affordability Period as defined therein, will be recorded against the real property which is more particularly described therein ("Property") and which Property is associated with the Project.

B. Sales and Other Transfers. Grantee will not, without the prior written approval of MFA, sell, trade, transfer, assign, exchange or otherwise dispose of the Property (except for leases of individual Project units to tenants) or change the ownership of Grantee or Grantee's partner(s) or member(s), as applicable, prior to expiration of the Affordability Period. For purposes of this Agreement: (i) any sale, trade, transfer, assignment, exchange or other disposition of all or any substantial part of the Property or interests in the Property is a "transfer"; (ii) the conversion or attempted conversion of the Property into a condominium, planned unit development or other similar development is a “transfer”; (iii)) the transfer of any owner’s interest in Grantee to any other existing owner of Grantee, including, without limitation, the transfer of a limited partner’s interest in a limited partnership to an affiliated entity, is not a “transfer”; and (iv) removal and replacement of Grantee’s managing member, if Grantee is a limited liability company or general partner, if Grantee is a limited partnership, in accordance with Grantee’s governing documents and provided that Lender is notified beforehand at the address in Article VIII 6, is not a “transfer,” except that any permanent successor to the managing member or general partner (as the case may be) that is not an affiliate of the investor member or investor limited partner will require the prior written consent of Lender (not to be unreasonably withheld). “Affiliate” for this purpose means any individual or entity that controls, is controlled by, or is under common control with Grantee, limited partner or investor member, as applicable. Any transferee will enter into an agreement, in a form acceptable to Lender, assuming all Obligations of Grantee under the LURA and under this Agreement.

Article 7. Records and Audit

A. Required Records. The Grantee will maintain adequate financial accounting, Project and Project records for no less than seven (7) years after the expiration date or termination date of the Agreement, whichever is later, including records required by MFA to permit MFA to fulfill its obligations under the Laws and Rules.

B. Inspection. The Grantee and any approved Subcontractor shall maintain all Project records in accordance with the Laws and Rules. These records shall be subject to inspection by MFA, the State Auditor, and by members of the public as required by the Laws and Rules, MFA’s Request to Inspect Documents Policy, or state law.

C. Right to Review Payment Requests. MFA shall have the right to audit Requests for Reimbursement and all disbursements before and after payment to the Grantee. Payment under this Agreement shall not negate MFA’s rights to recover excessive or illegal payments or payments made for ineligible activities. The Grantee and any approved Subcontractor shall maintain strict accountability of all Project Funds disbursed to them.

D. Annual Audit. Per state procurement requirements, all entities receiving federal or state funding from MFA must provide an annual independent financial audit or audited financial statements. Any agency, as such term is defined in Section 12-6-2 NMSA 1978, is encouraged to request multiple year proposals for no more than eight years, for audit and AUP services, provided however, that the term of the contract for audit services shall be for one year, as required by the State Auditor pursuant to 2023 Audit Rule (2.2.2 NMAC – March 28, 2023). All other entities must procure no more than every eight years as outlined in N.M. Admin. Code Section 2.2.2.8 G(1)(b).

Article 8. Headings Not Controlling

Headings for Articles of this Agreement are for reference purposes only and shall not be deemed a part of the Agreement.

Article 9. Right to Data

A. Use of Information. MFA and persons authorized by MFA may duplicate, use, and disclose for approved purposes, data delivered or furnished by the Grantee to MFA under this Agreement.

B. Irrevocable License. The Grantee hereby grants to MFA and persons authorized by MFA a royalty-free, non-exclusive and irrevocable license to publish, translate, reproduce, deliver, perform and dispose of all data or inventions now or hereafter covered by copyright or patent, provided however, that with respect to data not originated in the performance of this Agreement, such license shall be granted only to the extent that the Grantee has the right to grant such license without becoming liable to pay compensation to others because of such grant.

Article 10. Subcontracting

A. Subcontracting Prohibited. The Grantee shall not subcontract any portion of the services to be performed under this Agreement without the prior written approval of MFA. If approved by MFA, the Grantee shall be solely responsible for the performance of any subcontractor under such subcontract(s). Use of a subcontractor shall not relieve Grantee of any obligation under this Agreement for any reason, including but not limited to a subcontractor's bankruptcy, insolvency or other inability to perform the services required under any subcontract.

B. Subcontracting Contract Requirements. To the extent, MFA approves a Grantee subcontracting any portion of the services to be performed under this Agreement, the Grantee shall require that all subcontractors and recipients of Project Funds shall make the certifications and disclosures required under **Articles 16 Conflict of Interest** and **18 Interest of Members of Local Governing Bodies**.

Article 11. Assignment

The Grantee shall not assign or transfer any rights, duties, obligations or interest in or to the proceeds of this Agreement without the prior written approval of MFA. If approved, any assignee will be subject to all terms, conditions and provisions of this Agreement. No such approval by MFA of any assignment shall obligate MFA for payment of amounts in excess of the Project Funds.

Article 12. Appropriations

The terms of this Agreement are contingent upon sufficient appropriations or authorizations being made by the Legislature of the state of New Mexico for the performance of this Agreement. If sufficient appropriations and authorizations are not made by the Legislature, this Agreement shall be subject to termination or amendment. Termination will go into effect by MFA sending written notice to the Grantee. MFA's decision as to whether sufficient appropriations or authorizations exist shall be accepted by the Grantee and shall be final and binding. To the extent that the Legislature of New Mexico may modify the amount of appropriation available for the performance of this Agreement, MFA shall have the right to amend the Scope of Work, in its discretion.

Article 13. Release

A. Release of Authority. Upon final payment of the amounts due under this Agreement, the Grantee shall release MFA, its officers and employees from all liabilities and obligations whatsoever under or arising from this Agreement.

B. Continuing Liability of Grantee. Payment to the Grantee by MFA shall not constitute final release of the Grantee. Should audit or inspection of the Grantee's records subsequently reveal outstanding Grantee liabilities or obligations, the Grantee will remain liable to MFA for such obligations. Any payments by MFA to the Grantee will be subject to any appropriate recoupment by MFA.

Article 14. Amendment

This Agreement shall not be altered, changed or amended except by instrument in writing executed by the parties hereto.

Article 15. Scope of Agreement

This Agreement incorporates all the agreements, covenants and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, agreements and understandings have been merged into this written Agreement. No prior agreement or understandings, verbal, or otherwise of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

Article 16. Conflict of Interest

The Grantee warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement, and further warrants that signing of this Agreement will not be creating a violation of the Governmental Conduct Act, Section 10-16-1 NMSA 1978 et seq. The Grantee shall further abide by any conflict-of-interest laws as set forth in applicable Federal Laws and Rules and shall comply with MFA's Third-Party Code of Conduct which can be found at https://housingnm.org/rfps/rfps-rfqs.

Article 17. State Prohibitions

No local, state or federal employee or official shall be permitted to obtain any benefit that may arise from this Agreement. Pursuant to Sections 13-1-191, 30-24-1 et seq., and 30-41-1 through 30-41-3 NMSA 1978, the receipt or solicitation of bribes, gratuities and kickbacks is strictly prohibited. Should MFA determine that the Grantee has violated any of these provisions, MFA may terminate this Agreement, in addition to pursuing any other applicable penalties.

Article 18. Interest of Members of the Local Governing Bodies

No member, officer or employee of the Grantee, no member of the governing bodies in the jurisdiction in which the Grantee operates and no other public official of such locality or localities who exercises any function or responsibilities with respect to any Project for which Project Funds are provided under this Agreement, during their tenure or for one year thereafter, shall have any interest, direct or indirect, in any proceeds or benefits arising from such Project or the Project Funds allocated thereto.

Article 19. Confidentiality

Confidential information, as defined in state or federal law, code, rules, or otherwise applicable by professional codes of conduct or ethics, regarding recipients, services or providers, provided to, or developed by the Grantee, shall not be made available to any individual or organization by the Grantee without the prior written approval of MFA. The use or disclosure by any party of any information concerning a client for any purpose not directly connected with the administration of MFA's or Grantee's responsibilities with respect to services rendered hereunder is prohibited, except on written consent of the client, their attorney or their responsible parent or guardian. The Grantee agrees to ensure the confidentiality of the name of any individual assisted under this Agreement and any other information regarding the individuals receiving assistance through Project Funds. However, notwithstanding anything to the contrary herein, no liability shall attach as a result of a Party's disclosure of information when such disclosure is required by court order or state law, including without limitation, the New Mexico Inspection of Public Records Act.

Article 20. Insurance

Kinds and amounts of insurance required are as follows:

Commercial General Liability Insurance. The Parties both recognize that the City of Las Cruces ("Grantee") is a New Mexico home rule municipal corporation, and is self-insured for all risks for which immunity has been waived under the New Mexico Tort Claims Act ("Act"). The City maintains a public liability fund with an adequate level of funding to cover its liabilities under the Act. As required by NMSA 1978, Sec. 41-4-20(B) of the Act, the New Mexico Department of Finance and Administration shall not approve the budget of any governmental entity that has not budgeted an adequate amount of money to insure or otherwise cover pursuant to NMSA 1978, Sec. 41-4-20(B) or Sec. 3-62-2, every risk of the governmental entity for which immunity has been waived under the provisions of the Act or liability imposed under NMSA 1978, Sec. 41-4-4. Grantee further states that its public liability fund is and will continue to be adequately funded to provide insurance coverage for its liability exposure under the Act.

B. Workers' Compensation Insurance. Workers' Compensation Insurance for its employees in accordance with the provisions of the Workers' Compensation Act of the state of New Mexico.

Article 21. Licensing/Permits

The Grantee shall obtain and maintain at all times during the term of this Agreement any and all licenses which are required by the city, county, state, or otherwise, for the operation of its business and the performance of any services provided hereunder. The Grantee shall furnish MFA with a copy of any such licenses at the time of contract execution. Grantee agrees to obtain and maintain all necessary permits for intended improvements or activities for the Project and for the operation of the Project.

Article 23. Status of Grantee

A. Independent Grantee. The Grantee, its agents and employees are not employees of MFA or the state of New Mexico. The Grantee and its agents and employees shall not accrue leave, retirement, insurance, bonding or any other benefits afforded to employees of MFA or the state of New Mexico.

B. Grantee Shall Not Bind MFA. Grantee shall not purport to bind MFA, its officers or employees nor the state of New Mexico to any obligation not expressly authorized herein.

Article 24. Applicable Law; Venue

This Agreement shall be governed by the laws of the state of New Mexico without regard to rules or principles of conflicts of laws. The Grantee consents to the jurisdiction of the Courts of the state of New Mexico. If any term or provision of this Agreement shall be found to be illegal or unenforceable then, notwithstanding, this Agreement shall remain in full force and effect and such term or provision shall be deemed to have no effect.

The parties agree that any action brought to enforce, terminate, or modify, or relying on this agreement, shall be commenced and maintained exclusively in the Third Judicial District Court of Dona Ana County, New Mexico. The Parties waive any right they may have to a different venue.

Article 25. Notices

All notices required to be given to MFA under this Agreement shall be sent to MFA's Project Manager or designee:

Daniela Freamon
New Mexico Mortgage Finance Authority
7425 Jefferson Street NE
Albuquerque, NM 87109
Phone: (505) 767-2277or toll-free statewide (800) 444-6880
E-mail: dfreamon@housingnm.org
TTY/Voice: 711, or if no answer
1-800-659-8331 (English) OR 1-800-327-1857 (Spanish)

All notices required to be given to the Grantee under this Agreement shall be sent to:

Name: Ikani Taumoepeau

Title: City Manager

Agency Address: 700 N. Main St.

City, State, Zip: Las Cruces, New Mexico 88001

Contact Email: itaumoepeau@lascruces.gov

A notice shall be deemed duly given upon delivery, if delivered by hand, or three days after posting, if sent by first class mail, with proper postage affixed. The parties may change the contact information shown in this **Article 25** by sending written notification to the other party. A change of contact information shall be effective upon delivery. By signing this Agreement Grantee agrees to accept and be bound by notices addressed to the individual first shown above, or if Grantee updates the individual to whom notices are to be sent, by such successor.

Article 26. Disputes

A. Order of Precedence for Clarification. In the event of a dispute under this Agreement, the applicable documents will be referred to for the purpose of clarification or for additional detail in the following order of precedence:

   1) Agreement Amendments, in reverse chronological order, followed by;

   2) The Agreement, including all Exhibits appended thereto, followed by;

   3) The Grantee's Program Application, followed by; and

   4) The NOFA, including attachments thereto and written responses to questions and written clarifications.

B. Dispute Process. The Dispute Process for curable breaches of this Agreement is as follows:

   Note: The following procedural outline is provided by MFA to inform Grantees and approved Subcontractors of the general procedural steps that MFA may make available to resolve a dispute between MFA staff and a Grantee or approved Subcontractor related to curable breaches of this Agreement; however, the process outlined below does not constitute a contractual obligation to which MFA must adhere and does not create a right that any Subcontractor or Grantee may claim. Strict adherence to the procedural steps outlined below is not guaranteed and shall be dependent upon the availability of MFA staff identified as decision makers in the process. Nothing in this **Article 26** shall prevent MFA from availing itself of any remedy available under **Articles 4 and 5** of this Agreement, and in particular where MFA determines in its sole discretion that a remedial action is necessary to protect Project Funds, or the public interest.

   1) All efforts should first be made to resolve the dispute through discussion between the Project Manager and the Grantee that is party to the dispute. Should efforts at achieving a resolution fail, an initial written notice of the dispute including all relevant references and proposed provisions for relief should be provided by either the Project Manager or Grantee, within 30 days of the activities or incidents underlying the dispute, to MFA's Director of Policy and Planning ("D.P.P."). The Dispute Notice must be furnished at the same time to the other party to the dispute.

   2) The other party to the dispute will provide a written response to the initiating party and D.P.P. within ten (10) working days from receipt of the Dispute Notice.

3) The D.P.P. may request supplemental information from either party to the dispute, or other parties related to the administration of this Agreement within ten (10) working days from the receipt of the response to the Dispute Notice.

4) The Project Manager and the Grantee will provide the requested supplemental information to the D.P.P. within five working days of the D.P.P.'s request for supplemental information.

5) The D.P.P. will provide a written resolution of the dispute to the parties within fifteen (15) working days of the receipt of all information.

6) Should either party be dissatisfied with the D.P.P's written resolution, the parties may make a final appeal to a committee comprised of MFA's Executive Director, Chief Financial Officer, Chief Housing Officer, and Chief Lending Officer (the "Appeals Committee"), within five (5) days of receipt of the Chief Housing Officer's written resolution. The Appeals Committee will thereafter request and receive all information on the dispute that is in the possession of the Chief Housing Officer. The Appeals Committee will provide a final written resolution of the dispute to the parties within fifteen (15) working days of receipt of all information.

C. Grantee Performance Pending Final Determination. Pending final determination of any dispute hereunder, the Grantee shall proceed diligently with the performance of the Agreement and in accordance with the Agreement.

D. Waiver/Grounds for Termination. The Grantee's failure to follow the procedure set out above shall be deemed a waiver of any claim, which the Grantee might have had. Failure of Grantee to timely respond to a notice of dispute initiated by MFA's Project Manager shall be grounds for termination of this Agreement.

Article 27. Statutes, Rules, and Other Authority.

Any reference in this Agreement to a statute, regulation, or other authority shall be interpreted to refer to such authority then current, as may have been changed or amended since the Effective Date of this Agreement.

Article 28. Schedules

The following Schedules to this Agreement are made a part hereof whether physically attached hereto or executed separately by the parties hereto and described as Schedules by reference to this Agreement.

Schedules are required to be completed by Grantee and attached to this Agreement prior to MFA's execution of this Agreement.

Schedule A Land Use Restriction Agreement
Schedule B Scope of Work
Schedule C Budget
Schedule D Schedule of Completion
Schedule E Request for Reimbursement

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of signature**.**

MORTGAGE FINANCE AUTHORITY

By: Robyn Powell
Robyn Powell
Its: Director of Policy Planning

Date: 05/01/26

«GRANTEE»

By: Ikani Taumoepeau
Ikani Taumoepeau (May 5, 2026 09:54:02 MDT)

Its: City Manager

Date: 05/05/20

Schedule A
Land Use Restriction Agreement (LURA)

[LURA BEGINS ON NEXT PAGE]

Schedule B
Scope of Work

Funds are awarded to the City of Las Cruces for construction costs related to the roof replacement of the Mesilla Valley Community of Hope day-shelter.

Schedule C
Budget

Housing Innovation Award	
Mesilla Valley Community of Hope Roof Replacement	$500,000
Total	**$500,000**

Schedule D
Schedule of Completion

Contract Execution	April 2026
Project Completion	April 2028

Schedule E
Request for Reimbursement

MFA
Housing New Mexico

Request for Reimbursement
New Mexico Mortgage Finance Authority

NM HOUSING TRUST FUND
SEVERANCE TAX BONDS

Method of Reimbursement - CHECK ONE
____ Direct Deposit*
____ Check
____ Wire*
** attach deposit/wiring instructions*

STB Project #STB23SA H5906

INVOICE # __________

Recipient/Payee Name:
Contact Person:
Phone: **Email:**
Tax ID: **Loan/ Contract Number:**
Mailing Address:

Award Amount	Current Expeditures	YTD Expenditures	Balance Available

FOR MFA USE ONLY (Forward completed form to ACCOUNTING)

STB Certified Use:
STB Activity Allocation:

FOR DIRECT DEPOSIT OR WIRE, ATTACH COMPLETED ACH/WIRE FORM TO REQUEST

	Property Name & Address Borrower Name	Final (Y/N)	Amount Requested

I hereby certify that the total amount due of $ 0.00 is true, correct, and was expended in the performance of services related to the completion of the Scope of Work for the Agreement.

Authorized Official Signature (Payee)	**Date**
Processor Signature/Program Manager Initials (MFA)	**Date**
MFA Approval Signature	**Date**

FOR MFA ACCOUNTING USE ONLY

Grants: 6600-40-8003-5480-_______
Loans: 2340-40-8003-5480-______

FINAL LC Grant Agreement - NMHTF - Housing Innovation

Final Audit Report 2026-05-05

Created:	2026-04-30
By:	Daniela Freamon (dfreamon@housingnm.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAhcaRJYrKW0FcwMyko0JDcjVLaf43LvZM

"FINAL LC Grant Agreement - NMHTF - Housing Innovation" History

Document created by Daniela Freamon (dfreamon@housingnm.org)
2026-04-30 - 9:44:23 PM GMT

Document emailed to Robyn Powell (rpowell@housingnm.org) for signature
2026-04-30 - 9:44:29 PM GMT

Document emailed to Ikani Taumoepeau (itaumoepeau@lascruces.gov) for signature
2026-04-30 - 9:44:30 PM GMT

Email viewed by Robyn Powell (rpowell@housingnm.org)
2026-05-01 - 3:37:50 PM GMT

Document e-signed by Robyn Powell (rpowell@housingnm.org)
Signature Date: 2026-05-01 - 3:39:55 PM GMT - Time Source: server

Email viewed by Ikani Taumoepeau (itaumoepeau@lascruces.gov)
2026-05-05 - 3:52:36 PM GMT

Document e-signed by Ikani Taumoepeau (itaumoepeau@lascruces.gov)
Signature Date: 2026-05-05 - 3:54:02 PM GMT - Time Source: server

Agreement completed.
2026-05-05 - 3:54:02 PM GMT

Agenda Item #6.3.

26-152

Type of Action:
☒ Resolution
☐ Ordinance
☐ TIDD Resolution

City Council Action and Executive Summary

District:	**☒ 1 ☒ 2 ☒ 3 ☒ 4 ☒ 5 ☒ 6 ☐ N/A**		
1st Reading:		**Adopted:**	June 15, 2026
Drafter:	Adolfo Cardenas	**Department:**	Financial Services

Title:	**A RESOLUTION AUTHORIZING AND APPROVING SUBMISSION OF A COMPLETED APPLICATION FOR FINANCIAL ASSISTANCE AND PROJECT APPROVAL TO THE NEW MEXICO FINANCE AUTHORITY.**

TYPE OF ACTION: ☒ **Administrative** ☐ **Legislative** ☐ **Quasi-Judicial**

PURPOSE(S) OF ACTION:
Approve financial assistance application.

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:
The City of Las Cruces (City) Charter authorizes City Council to borrow funds. The New Mexico Finance Authority (NMFA) has instituted a program for financing public projects which can lead to lower interest costs. As part of the program, City Council is required by NMFA to authorize the submission of the application.

The proposed action will allow the City to submit the application for financing (1) acquiring and constructing flood control infrastructure improvements and (2) paying the expenses related to the execution and delivery of the loan agreement (the "Project"). The revenue pledged to finance the projects would come from a lien on the City's fifth quarter percent increment of municipal gross receipts tax and the hold harmless distribution associated with the fifth quarter percent increment of municipal gross receipt tax.

SUPPORT INFORMATION:
ATTACHMENT "A" NMFA ApplicationFlood Control 2026 MGRT

PLAN(S):
None

COMMITTEE/BOARD REVIEW:
None

DOES THIS AMEND THE BUDGET?:
☐ Yes
☒ No

Does this action amend the Capital Improvement Plan (CIP)?
☐ Yes

☒ No

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will allow City staff to submit the funding application to NMFA.
2. Vote "No"; this will deny City staff the opportunity to submit the funding application to NMFA and realize an interest savings opportunity by using this funding mechanism.
3. Vote to "Amend"; this could require City staff to explore other financing options not currently recommended by the City's financial advisor.
4. Vote to "Table"; this could delay the financing opportunity and increase the projected costs of the projects.

RESOLUTION 26-152

A RESOLUTION AUTHORIZING AND APPROVING SUBMISSION OF A COMPLETED APPLICATION FOR FINANCIAL ASSISTANCE AND PROJECT APPROVAL TO THE NEW MEXICO FINANCE AUTHORITY.

The City Council is informed that:

WHEREAS, the City of Las Cruces, New Mexico ("Governmental Unit") is a qualified entity under the New Mexico Finance Authority Act, Sections 6-21-1 through 6-21-31, NMSA 1978 ("Act"), and the City Council ("Governing Body") is authorized to borrow funds and/or issue bonds for financing of public projects or for refinancing of outstanding bonds for benefit of the Governmental Unit; and

WHEREAS, the New Mexico Finance Authority ("Finance Authority") has instituted a program for financing of projects from the public project revolving fund created under the Act and has developed an application procedure whereby the Governing Body may submit an application ("Application") for financial assistance from the Finance Authority for public projects; and

WHEREAS, the Governing Body has undertaken a plan to enter into a loan agreement with the Finance Authority for (1) acquiring and constructing flood control infrastructure improvements and (2) paying the expenses related to the execution and delivery of the loan agreement (the "Project"); and

WHEREAS, the application prescribed by the Finance Authority has been completed and this resolution ratifying and approving submission of the completed Application to the Authority for its consideration and review is required as part of the Application; and

WHEREAS, the Governing Body desires to consider for adoption an ordinance authorizing the issuance and delivery of loan agreement to provide funds for the Project.

NOW, THEREFORE, Be it Resolved by the the Governing Body of the City of Las Cruces:

(I)

THAT all action (not consistent with the provision hereof) heretofore taken by the Governing Body and the officers and employees thereof directed toward the Application and the Project, be and the same is hereby ratified, approved, and confirmed.

(II)

THAT the completed Application submitted to the Finance Authority, be and the same is hereby ratified, approved, and confirmed.

(III)

THAT the submittal of the completed Application to the Finance Authority for its review is hereby ratified and approved. Officers and employees of the Governmental Unit are further authorized to take such other action as may be requested by the Finance Authority in its consideration and review of the Application and to further proceed with arrangements for financing and undertaking the Project.

(IV)

THAT all acts and resolutions in conflict with this resolution are hereby rescinded, annulled and repealed.

(V)

THAT this resolution shall take effect immediately upon its adoption.

(VI)

THATCity staff is hereby authorized to do all deeds as necessary in the accomplishment of the herein above.

DONE AND APPROVED this day of

APPROVED

____
Mayor

ATTEST:

____
City Clerk

Moved by:

Seconded by:

AYES

NAYS

Agenda Item #6.3.

NMFA Use Only:	
App. #:	-PP
FA assigned:	
Legislative Authorization	

NEW MEXICO FINANCE AUTHORITY

PUBLIC PROJECT REVOLVING FUND INFRASTRUCTURE APPLICATION

I. GENERAL INFORMATION

A. APPLICANT/ENTITY

Application Date:	4/14/2026

Applicant/Entity:	City of Las Cruces				
Address:	700 N. Main Las Cruces, New Mexico 88001				
County	Dona Ana		Census Tract:		
Federal Employer Identification Number (EIN) as issued by the IRS:					
Legislative District:	Senate:		House:		
Phone: 575-541-2084	Fax:		Email Address:	ldoyle@lascruces.gov	
Individual Completing Application:	Carissa Stone				
Address:	6301 Uptown Blvd. NE Suite 110 Albuquerque NM 87110				
Phone: 505-872-5999	Fax:	505-872-5979	Email Address:	Carissa.stone@rbccm.com	

B. CONSULTING PROFESSIONALS (Bond/Legal Counsel, Architect, Engineer, etc.), if available:

Firm:	RBC Capital Markets			
Contact:	Erik Harrigan			
Address:	6301 Uptown Blvd. NE Suite 110 Albuquerque NM 87110			
Phone: 505-872-5992	Fax:	505-872-5979	Email Address:	Erik.harrigan@rbccm.com

B. BOND COUNSEL PRIMARY CONTACT PERSON:

Name:	Katherine McKinney				
Contact:	Modrall Law Firm				
Address:	500 4th St. NW, Ste. 1000, Albuquerque, NM 87102				
Phone: 505.848.1814	**Fax:**	505.848.9710	**Email Address:**	kmc@modrall.com	

II. PROJECT SUMMARY

A. Project Description. Complete the following information, using additional paper if necessary. Include any additional documents that may be useful in reviewing this project, i.e. architectural designs, feasibility studies, business plan, etc.

1. Description of the project. Flood Control Projects
2. Proposed Project Start Date: August 2026 Proposed Project Completion Date: August 2028

   When do you need NMFA funds available? August 2026

3. How will the ongoing maintenance, operation, and replacement of this project be funded?

   By the City

4. Provide a detailed drawdown schedule for project payments. The schedule may reflect monthly or quarterly payments.

B. Total Project Cost & Sources of Funds Detail.

Construction Activities	**NMFA Funds Requested**	**Other Public Funds***	**Private Funds**	**Total**
Planning and Design	$	$	$	$
Construction	**$3,000,000**	$	$	**$3,000,000**
Equipment	$	$	$	$
Infrastructure Activities				
Facility Acquisition	$	$	$	$

Land Acquisition	$	$	$	$
Utilities (Electric, Gas, Water, etc.)	$	$	$	$
Engineering and Architectural	$	$	$	$
Contingencies	$	$	$	$
Costs of Issuance	**$80,000**	$	$	**$80,000**
Deposit to Refunding Fund		$	$	$
Total Cost:	**$3,080,000**	$	$	**$3,080,000**

*Specify any other public funds, and amounts and terms of these funds, i.e. FmHA, CDBG, EPA, etc.

Source	**Amount**	**Terms / # of Years**
	$	
	$	
	$	
Total:$	$	

Attach a letter verifying that each non-NMFA funding source has been approved, or is in the process of being approved for this project. Explain any exceptions.

C. Will this project require right-of –way acquisition? Yes☐ No☒

If yes, specify any right-of-way needs, and whether acquisition may or may not delay beginning of project.

D. Who will hold title to the land where the project is to be located? City of Las Cruces

If this is land owned by the Bureau of Land Management, State Land Office, or Tribal Land, please attach lease agreements. (If there is no clear title, attach an explanation of ownership arrangements).

E. Does this project require a Joint Powers Agreement (JPA)? Yes☐ No☒

If yes, provide a copy of (attach) the JPA, which should include a list of the current membership

III. FINANCING

A. 1. Specify the revenue to be pledged as security for the NMFA loan (a revenue source must be pledged for this type of project).

☒ Municipal Local Option GRT – please specify: 5th 0.25% MGRT

☐ County Option GRT – please specify:

☐ Other Tax-Based Revenue:

☐ State-Shared GRT

- ☐ Law Enforcement Funds
- ☐ Fire Protection Funds
- ☐ Net System Revenues: ______________________________
- ☐ Other Revenue: ______________________________

2. Is there an alternative revenue source available to pledge to pay debt service in the event that the primary pledged revenue is unavailable or insufficient? Yes ☐ No ☒ If yes, specify:

3. Preferred financing term: 12 years

B. Is any debt being repaid from the revenue source(s) referenced in A (1)? Yes ☐ X ☐

Series 2014, Series 2016, Series 2020B, Series 2023A

If yes, provide bond or loan documents and payment schedule for any existing debt service being paid from the same revenues that would be used to repay a NMFA loan.

IV. READINESS TO PROCEED ITEMS

A. The following items must accompany this application in order for this application to be considered complete:

- ☐ Equipment cost breakdown (if applicable)
- ☐ Three most recently completed fiscal year audit reports
- ☐ Current unaudited financials
- ☐ Current fiscal year budget
- ☐ Verification of ownership of land where project will be located
- ☐ Documentation that each non-NMFA project funding source has been approved, or is in the process of being approved (if applicable)
- ☐ Joint Powers Agreement (if applicable)

B. In addition, complete the following information, using additional paper as necessary. **These items will be required prior to disbursement of NMFA proceeds:**

- ☐ Provide a detailed drawdown schedule for project payments
- ☐ Final technical information for the project, stamped and approved by a registered engineer
- ☐ Cost breakdown of the project, certifiable by either an engineer or architect
- ☐ Area map, site map, and floor map (if applicable)
- ☐ Verification of ownership of land where project will be located
- ☐ Documentation that each Non-NMFA project funding source has been approved, or is in the process of being approved (if applicable)
- ☐ Documentation showing status of right-of-way acquisition (if applicable)
- ☐ Explanation of land ownership arrangements (if applicable)

- ☐ List all required permits and licenses necessary to complete this project. Detail the status of each item, a plan of action, and time frame for completing incomplete permits and licenses. Also provide a copy of all permits and licenses.
- ☐ Is there litigation pending which would have a bearing on this project or applicant? Yes ☐ No ☐
  If yes, provide a complete summary of all circumstances relating to such litigation.
- ☐ Indicate the regular meeting dates for your authorizing body: ______

V. CERTIFICATION

I certify that:

We have the authority to request and incur the debt described in this application and, upon award, will enter into a contract for the repayment of any NMFA loans and/or bonds.

We will comply with all applicable state and federal regulations and requirements.

To the best of my knowledge all information contained in this application is valid and accurate and the submission of this application has been authorized by the governing body of the undersigned jurisdiction.

Signature: ______________________________ **Title:** ______________________________
(highest elected official)

Jurisdiction: ______________________________

Print Name: ______________________________ **Date:** ______________________________

Signature: ______________________________ **Date:** ______________________________

Finance Officer/Director: ______________________________

26-153

Type of Action:
☒ Resolution
☐ Ordinance
☐ TIDD Resolution

City Council Action and Executive Summary

District:	☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☒ 6 ☐ N/A		
1st Reading:		**Adopted:**	June 15, 2026
Drafter:	Dianne Bustillos	**Department:**	Economic Development

Title:	**A RESOLUTION APPROVING A REAL ESTATE PURCHASE AGREEMENT BETWEEN THE CITY OF LAS CRUCES AND JOBE MATERIALS, L.P. FOR THE PURCHASE OF 19.914 ACRES OF LAND LOCATED EAST OF THE EAST MESA SPORTS COMPLEX FOR THE PURCHASE PRICE OF TWO HUNDRED EIGHTY-SEVEN THOUSAND TWO HUNDRED FIFTY DOLLARS ($287,250).**

TYPE OF ACTION: ☒ **Administrative** ☐ **Legislative** ☐ **Quasi-Judicial**

PURPOSE(S) OF ACTION:
To approve the purchase of real property by the City of Las Cruces.

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:
In December of 2014 the United States Bureau of Land Management provided the City a Recreation or Public Purpose lease for 346.59 acres for the East Mesa Safety Complex and the East Mesa Sports Complex. Immediately adjacent to leased property is a 19.914-acre tract of land owned by Jobe Materials, L.P. (Property). A portion of the Property was formerly used as a gravel pit.

The City desires to purchase the Property from Jobe Materials to provide the City with a strategic opportunity to expand and enhance the East Mesa Sports Complex and surrounding public facilities. The Property was appraised by two local appraisers. One appraiser concluded a value of $217,000, and the other appraiser concluded a value of $357,500. The City and Jobe Materials negotiated a purchase price of $287,250, the average of the two values.

Because the Property is bordered by the sports complex on the north, west, and south sides, it represents a logical area for expansion that would support long-term recreation and community development goals. Its location along the planned extension of Mesa Grande Drive also positions it as a valuable asset for future access, circulation, and infrastructure improvements.

Some potential uses may include trails or new recreation facilities such as additional ball fields, pickleball courts, multi-use fields, or an urban fishing pond; additional parking to support regional tournaments and events; and/or an alternate access point or relief route to improve traffic flow for the complex.

Securing this parcel should give the City full control over redevelopment of brownfield property along a crucial future corridor, support growth in sports tourism and community recreation, improve mobility in the area, and ensure land use compatibility around one of the City's major public assets.

The closing for the sale of the Property shall occur on a mutually agreeable date after City Council's approval of this Resolution.

SUPPORT INFORMATION:
Exhibit "A" - Real Estate Purchase Agreement
Attachment "A" - Miller Appraisal
Attachment "B" - Morris Appraisal

PLAN(S):
Other

COMMITTEE/BOARD REVIEW:
None

DOES THIS AMEND THE BUDGET?:
☐ Yes
☒ No

Does this action amend the Capital Improvement Plan (CIP)?
☐ Yes
☒ No

OPTIONS / ALTERNATIVES:
1. Vote "Yes"; this will approve this Resolution and Real Estate Purchase Agreement to purchase 19.914 acres from Jobe Materials for the purchase price of $287,250.
2. Vote "No"; this will not approve this Resolution and Real Estate Purchase Agreement.
3. Vote to "Amend"; this will modify the terms of the Real Estate Purchase Agreement based on direction for Council.
4. Vote to "Table"; this will postpone this Resolution and Council will need to direct staff.

REFERENCE INFORMATION:
Listed as CIP #PR019-Land Acquisition, Planning, and Design for Parks.

RESOLUTION 26-153

A RESOLUTION APPROVING A REAL ESTATE PURCHASE AGREEMENT BETWEEN THE CITY OF LAS CRUCES AND JOBE MATERIALS, L.P. FOR THE PURCHASE OF 19.914 ACRES OF LAND LOCATED EAST OF THE EAST MESA SPORTS COMPLEX FOR THE PURCHASE PRICE OF TWO HUNDRED EIGHTY-SEVEN THOUSAND TWO HUNDRED FIFTY DOLLARS ($287,250).

The City Council is informed that:

WHEREAS, the City desires to purchase 19.914 acres of land located immediately east of East Mesa Sports Complex (Property); and

WHEREAS, the Property is owned by Jobe Materials, L.P. and was previously used as gravel pit; and

WHEREAS, the Property was appraised by two local appraisers. One appraiser concluded a value of $217,000, and the other appraiser concluded a value of $357,500. The City and Jobe Materials negotiated a purchase price of $287,250; and

WHEREAS, the purchase of this Property will provide the City with a strategic opportunity to expand and enhance the Ease Mesa Sports Complex and surrounding public facilities; and

WHEREAS, the Property's location next to the planned extension of Mesa Grande Drive, is positioned as an asset for future access, circulation, and infrastructure improvements; and

Whereas, some potential uses may include trails or new recreation facilities, additional parking to support regional tournaments and event, and/or alternate access point or relief route to improve traffic flow for the East Mesa Sports Complex.

NOW, THEREFORE, Be it Resolved by the Governing Body of the City of Las Cruces:

(I)

THAT the Real Estate Purchase Agreement attached hereto as Exhibit "A", between Jobe Materials, L.P. and the City of Las Cruces is hereby approved and that the City Manager is authorized to execute the agreement and any other documents necessary to finalize the purchase on behalf of the City.

(II)

THAT City staff is hereby authorized to do all deeds as necessary in the accomplishment of the herein above.

DONE AND APPROVED this day of

APPROVED

____

ATTEST:

____

Moved by:

Seconded by:

AYES

NAYS

REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE SALES AGREEMENT is entered into between Jobe Materials, L.P., a Texas limited partnership("Seller") whose address is 1150 Southview Drive, El Paso, TX 79928, and the City of Las Cruces, a New Mexico municipal corporation, ("Purchaser"), whose address is 700 N. Main Street, Las Cruces, New Mexico 88001.

RECITALS

1. The Seller is the owner of the real property located in the City of Las Cruces, being 19.914 acres of land in Section 3, Township 23 South, Range 2 East and more particularly described in Exhibit "A," attached hereto and incorporated herein ("Property").

2. The Purchaser desires to buy the Property from the Seller and the Seller desires to sell the Property to the Purchaser.

NOW THEREFORE, for valuable consideration, the Seller and the Buyer agree as follows:

TERMS AND CONDITIONS

1) **Purchase Price.**

The purchase price for the Property shall be Two Hundred Eighty-seven Thousand Two Hundred Fifty Dollars ($287,250.00) cash or certified funds, payable as follows:

A. Fourteen Thousand Three Hundred and Sixty-two Dollars ($14,362.00) as an earnest money deposit which the Buyer shall deposit with Camino Real Abstract & Title Company (the "Title Company") within 15 days of the Date of Acceptance, to be held in escrow pursuant to the terms of this Agreement. The Earnest Money shall be in a federally ensured Trust account selected by the Title Company. Subject to the provisions of this Agreement, the Earnest Money is to be applied toward the purchase of the Property at the Closing; and

B. Two Hundred Seventy-two Thousand Eight Hundred and Eighty-eight Dollars ($272,888.00) in cash or certified funds at Closing (defined below).

2) **Closing Date.**

The "Closing" for the sale of the Property shall occur on a mutually agreeable date after City Council's approval of the resolution authorizing the purchase, pursuant to Municipal Code Section 2-1312 et. Seq. No closing can occur without the adoption of the Resolution. If such Resolution is not adopted for any reason, then either party may terminate the Agreement.

3) **Inspection Period.**

The "Inspection Period" shall commence on the date of the City's execution of this Agreement (the "Acceptance Date") and shall end sixty (60) days from the Acceptance Date. For purposes of this agreement, "Executed" shall be defined as the date the agreement is signed by the Las Cruces City Manager or authorized designee.

Document Delivery: Within 5 days of the Date of Acceptance, Seller shall provide to Buyer true, correct, complete copies, to the extent that they are in Seller's control or possession, of the following: previously prepared reports, inspections, all lawsuits pending or threatened related to the Property or other relevant documents that include disclosure or possible adverse material facts.

During the Inspection Period, the Purchaser shall review all of the information regarding the Property provided by the Seller. Seller to provide all inspections, reports, and adverse material facts disclosure to the Purchaser within ten (10) days of the date of acceptance. In addition, during the Inspection Period, the Purchaser may perform such other inspections and review such other information as reasonably desired by it. Such inspection, unless otherwise specified in this Agreement, shall be at the Purchaser's sole expense. Damage to the Property by Purchaser during inspections will be repaired at the Purchaser's expense within promptly if this Agreement is terminated. Such inspections and reviews may include, but are not limited to, physical inspection of the Property, environmental inspection of the Property, soil inspection, and review of governmental approvals and permits related to the Property zoning, title, survey, service agreements, management contracts, leases, and financial information. Buyer is entitled to a physical inspection, to review the following and object: Title Commitment; Survey; any Leases, licenses, or similar; an Environmental Assessment; soil and drainage Inspection.

Objection and Resolution Period. Prior to the end of the Inspection Period, Buyer may disapprove of the Property and / or any item in writing. In such event, Buyer, at Buyer's election may either terminate this Agreement or give notice to the Seller requesting that the Seller cure the items disapproved by Buyer. Seller shall have the obligation, at the Seller's expense, to satisfy and remove at or before the Closing all monetary encumbrances disapproved by Buyer. Regarding disapproval by Buyer of items other than monetary encumbrances, within 5 days of Buyer's notice requesting Seller's cure, Seller shall provide notice to Buyer of Seller's proposed cure, if any, and the time period necessary for Seller to effectuate the cure. Upon receipt of the response from the

Seller, Buyer shall within 5 days elect to either terminate this Agreement or accept Seller's proposed cure. If Buyer elects to terminate, the Earnest Money, shall be delivered to Buyer.

A. The Purchaser, at its sole expense, but with the Seller's full cooperation, may elect to obtain Approvals prior to Closing, provided that no approvals or permits shall be recorded against the Property prior to Closing. The Seller's cooperation in this regard shall include signing its consent as Property owner to applications for such Approvals and, governing authorities and/or utility service providers in connection with Buyer's efforts to procure any Approvals.

B. The Seller will provide certain representations and warranties, including but not limited to the following:

1. Rights of Acquisition: The Seller agrees to disclose to the Buyer any existing right or option to acquire the Property or any portion thereof or any interest therein.

2. Environmental. The Seller agrees to complete an owner disclosure form for Purchaser to complete a Phase I Environmental Site Assessment as part of its due diligence. To the Seller's actual knowledge with no duty of inquiry, there is no violation of any current laws or ongoing remediation of the Property. The Purchaser shall assume no liability for any hazardous conditions resulting from the prior use(s) of the Property.

3. Authority. The Seller is authorized to enter into a Purchase Agreement and consummate closing on the sale of the Property and the execution of a Purchase Agreement is not a breach or violation of any agreement that is binding on the Seller.

C. The Seller, at Seller's expense, will provide the Purchaser with a title commitment (including exception documents) and a current Form T-1 Owner's Policy of Title Insurance with deletion of the standard printed exceptions issued by Title Company and acceptable to the City. However, Seller shall not be required to cause any exceptions related to survey matters to be deleted in the event that the Purchaser elects not to procure a new survey.

D. The Seller will transfer property via General Warranty Deed, conveying the Property to the Purchaser, in fee simple, which shall also state that it is "subject to all covenants, conditions, restrictions and easements of record". The Property shall be delivered free of any monetary liens and encumbrances other than taxes and assessments not yet due and payable.

4) **Costs, Fees, and Alternative Dispute Resolution.**

A. The Seller will pay the costs associated with the Title Commitment and Owner's Policy of Title Insurance and one-half of the closing costs. At the time of closing, the Seller will reimburse the Purchaser for the Miller Appraisal Group appraisal that was prepared for the Property. The Purchaser will pay the costs associated with ~~the Commitment for Title Insurance,~~ any survey(s), the recording fees associated with the General Warranty Deed, and one-half of the closing costs. Each party will pay its own attorney fees. The Purchaser will be responsible for the cost of any new survey it desires.

ThdR

B. Applicable real property taxes shall be prorated through the date of Closing based on the latest tax information available to the Title Company. The Seller shall pay all special assessments, standby charges, prorated charges and other similar charges and/or assessments existing at the time of the Closing.

C. The parties agree to negotiate in good faith, should negotiations fail, the Parties agree to mediation. Upon unsuccessful mediation, the Parties agree to arbitration. Prior to the institution of any litigation, however, the parties have the contractual duty to, in good faith, attempt to resolve any controversy hereunder at the least possible expense using alternative dispute resolution. Should alternative dispute resolution fail, and litigation be brought, if either party is found by a court to have breached this Agreement, the other party may recover its costs, including reasonable attorney fees.

5) **Compliance with Code and Statutes.**

The Purchaser has complied or will comply with the requirements of the Las Cruces Municipal Code and New Mexico State statutes and has or will obtain the authority to purchase the Property from the Seller.

6) **Governing Laws.**

This Agreement shall be subject to the laws of the State of New Mexico.

7) **Default and Remedy.**

If the Purchaser cannot perform this Agreement solely as a result of the Resolution approving the sale of the Property not being adopted, this Agreement is automatically terminated and all monies paid by the Purchaser shall be refunded to the Purchaser promptly, including the earnest money deposit.

8) **Hold Harmless.**

Neither party shall be responsible for liability incurred as a result of the other party's acts or omissions in connection with this Agreement. Any liability incurred by the Purchaser in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act.

9) **Risk of Loss.**

In the event of a Material Change, as hereinafter defined, the Purchaser shall have no obligation to complete its acquisition of the Property unless such Material Change has been approved in writing by the Purchaser. For purposes of this Agreement, "Material Change" shall mean a change in the status of a use, occupancy, tenancy, financial condition or physical condition of the Property prior to Closing. In the event of a Material Change, the Purchaser may, without liability, refuse to accept the conveyance of title and this Agreement shall be null and void in its entirety and the earnest money deposit and accrued interest, in its entirety, shall be promptly returned to the Purchaser. Possession of the Property will be released to the Purchaser at Closing.

10) **Counterparts.**

This Agreement may be executed in one or more identical counterparts, and all counterparts so executed shall constitute one agreement which shall be binding on the parties.

11) **Successors and Assigns.**

This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. Neither party may assign this Agreement or duties hereunder without the express written consent of the other party which consent shall not be unreasonably withheld.

12) **Severability.**

If any clause or provision of this Agreement is found to be illegal, invalid or unenforceable under present laws, the remainder of this Agreement shall not be affected thereby.

13) **Notice.**

All notices given pursuant to or in connection with this Agreement shall be made in writing and posted by certified mail, postage prepaid, to the City of Las Cruces, Attn: Real Estate Administrator, 700 N. Main Street, Las Cruces, NM 88001 with copies to the City Manager and the City Attorney; and to Jobe Materials, L.P., Attn: Garrett Yancey, 1150 Southview Drive, El Paso TX 79928 or to such address as requested by either party. Notice shall be deemed to be received on the fifth day following posting.

14) **Conditions Precedent.**

If the City Council does not approve this, this Agreement is terminated, and the earnest money deposit shall be returned to the Purchaser.

IN WITNESS WHEREOF, the parties have signed this Agreement of the dates written below.

JOBE MATERIALS, L.P., a Texas limited partnership

By: Ralph Wm Richards Date: 5-21-26
Ralph Wm. Richards, Sr. General Counsel and Vice President

CITY OF LAS CRUCES

By: ______________________ Date: ____________
Ikani Taumoepeau, City Manager

APPROVED AS TO FORM

By: for BD 5/15/26
Brad Douglas, City Attorney

EXHIBIT "A"

(Parcel ID 4-010-133-498-264)

A tract of land situate east of Las Cruces, Doña Ana County, New Mexico, being the SE 1/4 SE 1/4 NE 1/4 and the NE 1/4 NE 1/4 SE 1/4 of Section 3, T. 23S., R.2E., N.M.P.M. of the B.L.M. Surveys, and being more particularly described as follows:

BEGINNING at a capped (#5211) 1/2" iron rod found for the southeast corner of this tract; WHENCE the southeast corner of Section 3, T. 23S., R. 2E., N.M.P.M. of the B.L.M. Surveys bears S. 00 deg 19' 39" W., 1980.28 feet;

THENCE from the point of beginning, S. 89 deg 51' 05" W., a distance of 659.23 feet to a capped (#5211) 1/2" iron rod found for the southwest corner of this tract:

THENCE N. 00 deg 26' 55" E., a distance of 660.19 feet to a 1/2" iron rod found for an angle point of this tract;

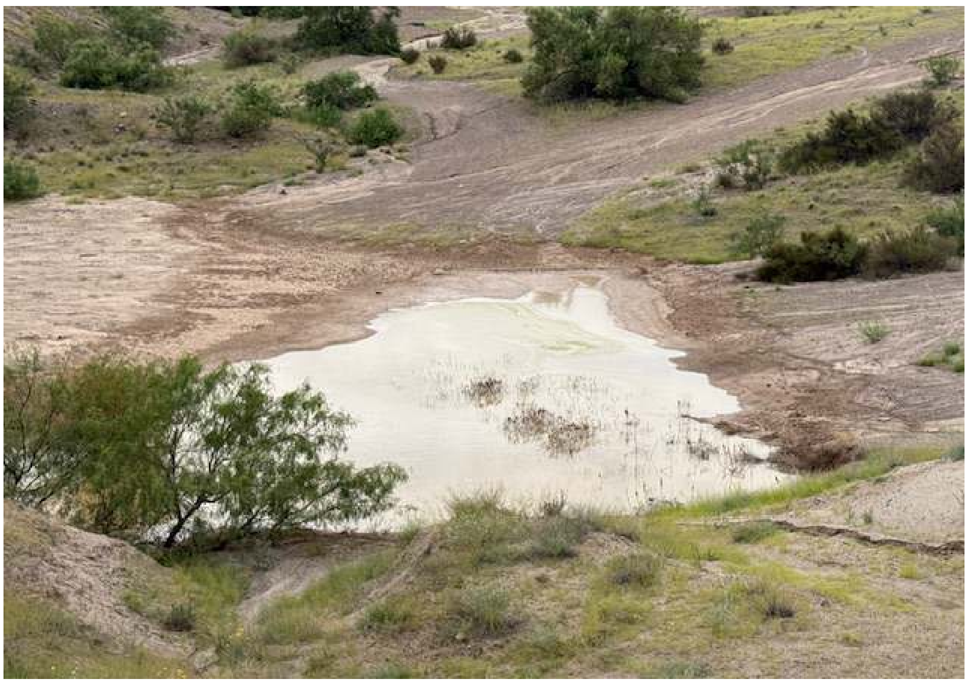
THENCE N. 01 deg 00' 38" E., a distance of 657.90 feet to a 1/2" rod found for the Northwest corner of this tract;

THENCE N. 89 deg 54' 01" E., a distance of 658.59 feet to a 1/2" iron rod set for the Northeast corner of this tract;

THENCE S. 01 deg 04' 38" W., a distance of 657.43 feet to a 1/2" iron rod set for an angle point of this tract;

THENCE S. 00 deg 19' 39" W., a distance of 660.09 feet to the point of beginning, enclosing 19.914 acres of land, more or less.

APPRAISAL REPORT
19.914 acres
Camino Coyote Lane
Las Cruces, New Mexico
PO No: 26202111



Prepared for:
Bill Hamm
Real Estate Manager
Economic Development Department
City of Las Cruces
Las Cruces, New Mexico 88001

Date of Value: September 9, 2025
Date of Report: September 17, 2025

MILLER APPRAISAL GROUP

Real Estate Appraisers and Consultants

Don Miller, MAI, SRA
State Certified General - New Mexico
New Mexico Certificate #397-G
Miller.Appraisal.LC@gmail.com

PO Box 1042
Mesilla Park, New Mexico 88047
(575)640-3500

September 17, 2025

City of Las Cruces
Economic Development Department
Real Estate Manager
Las Cruces, New Mexico 88001
Attn.: Bill Hamm

Re: Real Estate Appraisal
19.914 acres
Camino Coyote Ln.
Las Cruces, New Mexico
PO No: 26202111

Dear: Mr. Hamm:

At your request, I have completed an appraisal and am pleased to submit this appraisal report on the above-referenced property for the purpose of estimating the "as is" market value for the subject property. It is understood the intended use of this report is to assist The City of Las Cruces, Economic Development Department, our client, with the valuing of the real estate for decision-making regarding the possible purchase of the subject property. The Date of Value is the date of my follow-up inspection of the property, which was September 9, 2025. My primary inspection was on August 15, 2025.

This report is an **Appraisal Report** intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice (USPAP). The appraiser is not responsible for unauthorized use of this report. Additional Contingent and Limiting Conditions, as well as any Special Instructions, Extraordinary Assumptions, and/or Hypothetical Conditions affecting this report, can be found on pages 4 - 6.

This appraisal is prepared under the standards and reporting requirements of USPAP as promulgated by the Appraisal Standards Board of the Appraisal Foundation, the Appraisal Institute, and appropriate state laws, regulations, policies, and procedures. Furthermore, by prior agreement between the client and the appraiser, this report complies with the minimum Scope of Work as outlined in the engagement letter.

This report is made following my on-site inspection, an inspection of the improvements, and an investigation into recent pertinent market information including, but not limited to cost, rental, and sales data of properties exhibiting physical, locational, and economic characteristics judged to be similar to the subject property. The following value estimate is for the real estate only.

"As Is" Market Value

After considering the merits of the data and information developed within this report, and the application of conventional appraisal approaches, I estimate the **"as is" market value** of the fee simple interest in and to the subject property herein described, as of September 9, 2025 , to be:

TWO HUNDRED SEVENTEEN THOUSAND DOLLARS
$217,000

Retained in our files are field notes, drawings, maps, and work papers upon which, in part, our opinions were based. If you have any questions, or if I can be of further service, please call me.

Thank you for this opportunity to be of service.

MILLER APPRAISAL GROUP

Donald E. Miller, MAI, SRA
Certified General Appraiser
Certificate No.: 397-G, NM

VACANT LAND APPRAISAL
EAST OF SONOMA RANCH BLVD
LAS CRUCES NEW MEXICO 88011

APRIL 4, 2025

FOR
CITY OF LAS CRUCES
WILLIAM R. HAMN
LAND AND REAL ESTATE MANAGER
PO BOX 20000
LAS CRUCES, NEW MEXICO 88004

BY
LEE MORRIS
MORRIS APPRAISAL SERVICES INC.
PO BOX 1119
LAS CRUCES, NM 88004

MORRIS APPRAISAL SERVICES, INC.

SPECIALIZING IN RURAL, FARM AND RANCH PROPERTIES

LEE MORRIS
State Certified – New Mexico
General Certificate #02932
Federal Tax ID #26-

PO Box 1119.
LAS CRUCES, NEW MEXICO 88004
(575) / 636-2003

April 4, 2025

City of Las Cruces
William R. Hamm
Land and Real Estate Manager
PO Box 20000
Las Cruces NM 88004

Dear Mr. Hamm:

In accordance with your request, I have made an appraisal of the property identified as a vacant 19.914-acre tract east of Sonoma Ranch Blvd. Doña Ana County parcel ID#'s; R0239552. This appraisal is completed "AS IS".

While making this appraisal, I made a detailed inspection of the subject property and gathered data on the sales of the comparable properties. The specific use of this data is more fully shown in the body of this report, of which this letter is a part.

Therefore, by reason of my research of the current market, and by virtue of my experience, I have formed the opinion that the market value of the fee simple interest in the property identified as a vacant tract of land R0239552. as of date of this report was, **$357,500.00**

THREE HUNDRED FIFTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS.

I invite your attention to the data, analysis, and conclusions that follow. I appreciate this opportunity to perform this work for you and the City of Las Cruces.

Respectfully submitted

MNAA.

Lee Morris, MNAA
NM General Certificate #02932

Agenda Item #7.2.

3110; Council Bill 26-018

City Council Action and Executive Summary

Type of Action:
☐ Resolution
☒ Ordinance
☐ TIDD Resolution

District:	☒ 1 ☒ 2 ☒ 3 ☒ 4 ☒ 5 ☒ 6 ☐ N/A		
1st Reading:	March 16, 2026	**Adopted:**	June 15, 2026
Drafter:	Laura Holguin	**Department:**	Financial Services

Title:	**AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF LAS CRUCES, NEW MEXICO GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS, SERIES 2026 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $22,150,000 FOR THE PURPOSE OF (1) PLANNING, DESIGNING, CONSTRUCTING, PURCHASING, FURNISHING, EQUIPPING, REHABILITATING, MAKING ADDITIONS TO OR MAKING IMPROVEMENTS TO PUBLIC BUILDINGS AND FACILITIES, INCLUDING THE ACQUISITION OF LAND THEREFORE; (2) CONSTRUCTING, RECONSTRUCTING, RESURFACING, REPAIRING OR OTHERWISE IMPROVING STREETS OR ROADWAYS AND CONSTRUCTING DRAINAGE IMPROVEMENTS; (3) ACQUIRING AND EQUIPPING PUBLIC SAFETY VEHICLES; (4) FUNDING THE RESERVE FUND FOR THE SERIES 2026 BONDS; AND (5) PAYING THE EXPENSES RELATED TO THE ISSUANCE OF THE SERIES 2026 BONDS; PROVIDING THAT THE SERIES 2026 BONDS WILL BE PAYABLE AND COLLECTIBLE FROM THE REVENUES DERIVED FROM (1) A FIRST LIEN, BUT NOT AN EXCLUSIVE FIRST LIEN, ON THE 0.3250% MUNICIPAL GROSS RECEIPTS TAX IMPOSED PURSUANT TO ORDINANCE NO. 3072 AND (2) A SUBORDINATE LIEN, BUT NOT AN EXCLUSIVE SUBORDINATE LIEN, ON THE 0.50% MUNICIPAL GROSS RECEIPTS TAX REVENUES IMPOSED PURSUANT TO ORDINANCE NOS. 385 AND 427; DELEGATING AUTHORITY TO THE CITY MANAGER AND CITY FINANCIAL SERVICES DIRECTOR TO EXECUTE AND DELIVER A PRICING CERTIFICATE AND BOND PURCHASE AGREEMENT FOR THE SALE OF THE SERIES 2026 BONDS TO THE PURCHASER.**

TYPE OF ACTION: ☐ **Administrative** ☒ **Legislative** ☐ **Quasi-Judicial**

PURPOSE(S) OF ACTION:
Authorize issuance of debt

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:
A proposed resolution at the City Council meeting on April 6, 2026, requesting approval to authorize City staff to submit an application for financial assistance of a GRT Improvement Revenue Bonds Series 2026 from New Mexico Finance Authority (NMFA) for the purpose of financing capital improvements and maintenance for public safety, streets, parks, and other public facilities and critical infrastructure.

Approval of the Ordinance authorizes the execution and delivery of the GRT Improvement Revenue Bonds Series 2026 agreement between the City and NMFA in an aggregate principal amount not to exceed $22,150,000 for the purpose of (1) constructing, purchasing, furnishing, equipping, rehabilitating, making additions to or making improvements to public facilities; (2) constructing, reconstructing, resurfacing, maintaining, repairing or otherwise improving streets or roadways and constructing drainage improvements; (3) acquiring and equipping public safety vehicles. The revenue pledge to finance capital improvements and maintenance for public safety, streets, parks, and other public facilities and critical infrastructure is the 2024 municipal gross receipts tax in the amount of 0.325%.

SUPPORT INFORMATION:

Attachment "A" - Revised Intercept Agreement (GRT 2026) 5-26-2026 (W5635299x7A92D)

PLAN(S):

Elevate Las Cruces

COMMITTEE/BOARD REVIEW:

None

DOES THIS AMEND THE BUDGET?:

☒ Yes

☐ No

Does this action amend the Capital Improvement Plan (CIP)?

☒ Yes

☐ No

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will approve the Ordinance and allow the City to accept the GRT Improvement Revenue Bonds Series 2026 from NMFA and proceed with capital projects.
2. Vote "No"; this will not approve the Ordinance and not allow the City to accept the GRT Improvement Revenue Bonds Series 2026 from NMFA and use the funding mechanism to proceed with capital projects.
3. Vote to "Amend"; this will delay the execution and delivery of the GRT Improvement Revenue Bonds Series 2026 from NMFA and the capital projects and require Council direction to staff.
4. Vote to "Table"; this will delay the financing opportunity and require Council direction to staff.

ORDINANCE 3110; COUNCIL BILL 26-018

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF LAS CRUCES, NEW MEXICO GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS, SERIES 2026 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $22,150,000 FOR THE PURPOSE OF (1) PLANNING, DESIGNING, CONSTRUCTING, PURCHASING, FURNISHING, EQUIPPING, REHABILITATING, MAKING ADDITIONS TO OR MAKING IMPROVEMENTS TO PUBLIC BUILDINGS AND FACILITIES, INCLUDING THE ACQUISITION OF LAND THEREFORE; (2) CONSTRUCTING, RECONSTRUCTING, RESURFACING, REPAIRING OR OTHERWISE IMPROVING STREETS OR ROADWAYS AND CONSTRUCTING DRAINAGE IMPROVEMENTS; (3) ACQUIRING AND EQUIPPING PUBLIC SAFETY VEHICLES; (4) FUNDING THE RESERVE FUND FOR THE SERIES 2026 BONDS; AND (5) PAYING THE EXPENSES RELATED TO THE ISSUANCE OF THE SERIES 2026 BONDS; PROVIDING THAT THE SERIES 2026 BONDS WILL BE PAYABLE AND COLLECTIBLE FROM THE REVENUES DERIVED FROM (1) A FIRST LIEN, BUT NOT AN EXCLUSIVE FIRST LIEN, ON THE 0.3250% MUNICIPAL GROSS RECEIPTS TAX IMPOSED PURSUANT TO ORDINANCE NO. 3072 AND (2) A SUBORDINATE LIEN, BUT NOT AN EXCLUSIVE SUBORDINATE LIEN, ON THE 0.50% MUNICIPAL GROSS RECEIPTS TAX REVENUES IMPOSED PURSUANT TO ORDINANCE NOS. 385 AND 427; DELEGATING AUTHORITY TO THE CITY MANAGER AND CITY FINANCIAL SERVICES DIRECTOR TO EXECUTE AND DELIVER A PRICING CERTIFICATE AND BOND PURCHASE AGREEMENT FOR THE SALE OF THE SERIES 2026 BONDS TO THE PURCHASER.

The City Council is informed that:

WHEREAS, the City is a legally and regularly created, established, organized and existing municipal corporation under the general laws of the State of New Mexico and is operating as a home rule City pursuant to Article X, Section 6 of the Constitution of the State and the Charter of the City; and

WHEREAS, pursuant to Ordinance No. 3072, Council Bill 25-001 (the “0.3250% Tax Ordinance”), and the approval of voters on November 5, 2024, the City imposed a municipal gross receipts tax in the amount of 0.3250% of the gross receipts tax reported or required to be reported by the person pursuant to the New Mexico Gross Receipts and Compensating Tax Act for the privilege of engaging in business in the City and distributed monthly from the Revenue Division of the New Mexico Taxation and Revenue Department to the City with certain specified exemptions and deductions (the “Pledged 0.3250% MGRT Revenues”); and

WHEREAS, pursuant to Sections 7-19D-1 et seq. NMSA 1978, the City previously enacted (i) Ordinance No. 385 adopted on July 6, 1981 with an effective date of January 1, 1982 (the “MGRT Ordinance No. 385”) which imposes an increment of municipal gross receipts tax at a rate of 0.25% of the gross receipts reported or required to be reported by persons engaging in business within the City, with certain specified exemptions and deductions, and (ii) Ordinance No. 427 adopted on June 7, 1982 with an effective date of January 1, 1983 (the “MGRT Ordinance No. 427” and together with MGRT Ordinance No. 385, the “0.50% Tax Ordinances” and, together with the 0.3250% Tax Ordinance, the “Tax Ordinances”) which imposes an increment of municipal gross receipts tax at a rate of 0.25% of the gross receipts reported or required to be reported by persons engaging in business within the City, with certain specified exemptions and deductions (collectively, the “Pledged 0.50% MGRT Revenues” and, together with the Pledged 0.3250% MGRT Revenues, the “Pledged Revenues”); and

WHEREAS, Section 7-19D-9(G), NMSA 1978, provides as follows: Any law which imposes or authorizes the imposition of a municipal gross receipts tax or which affects the municipal gross receipts tax, or any law supplemental thereto or otherwise appertaining thereto, shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding revenue bonds which may be secured by a pledge of such municipal gross receipts tax unless such outstanding revenue bonds have been discharged in full or provision has been fully made therefor; and

WHEREAS, the Pledged Revenues are collected by the Revenue Division of the New Mexico Taxation and Revenue Department (the “Department”), and are remitted to the City pursuant to Section 7-1-6.12 NMSA 1978, as amended, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, less any deduction for administrative costs determined and made by the Department and any additional administrative fee withheld pursuant to Section 7-1-6.41 NMSA 1978; and

WHEREAS, Section 3-31-6(C) NMSA 1978, provides as follows:

C. Any law which authorizes the pledge of any or all of the pledged revenues to the payment of any revenue bonds issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978, or which affects the pledged revenues, or any law supplemental thereto or otherwise appertaining thereto, shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any such outstanding revenue bonds, unless such outstanding revenue bonds have been discharged in full or provision has been fully made therefor; and

WHEREAS, the Pledged 0.3250% MGRT Revenues are not pledged to the payment of any bonds or other obligations which are presently outstanding; and

WHEREAS, the City Council pursuant to Ordinance No. 3089 adopted on January 6, 2025, as supplemented by the Pricing Certificate executed on February 6, 2025 (collectively the “2025 Senior 0.50% MGRT Ordinance”) has previously issued its Taxable Municipal Gross Receipts Tax (One-Half Percent) Gross Receipts Tax Bonds, Series 2025 (the “2025 Senior MGRT 0.50% Bonds”) payable from and constituting a first lien, but not an exclusive first lien, on the Pledged 0.50% MGRT Revenues; and

WHEREAS, the Council hereby determines that the issuance of the "City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026" (the "Bonds", the "Series 2026 Bonds" or the “2026 Bonds” as further defined herein) for the purpose of (1) planning, designing, constructing, purchasing, furnishing, equipping, rehabilitating, making additions to or making improvements to public buildings and facilities, including the acquisition of land therefore, including, but not limited to, recreational facilities, library facilities, public safety facilities; (2) constructing, reconstructing, resurfacing, repairing or otherwise improving streets or roadways and constructing drainage improvements, including the acquisition of rights of way necessary therefore; (3) acquiring and equipping public safety vehicles; (4) funding the Reserve Fund for the Series 2026 Bonds, if required by the Purchaser; and (5) paying the Expenses related to the issuance of the Series 2026 Bonds (collectively, the “Project”) is in the best interest of the City and its citizens; and

WHEREAS, the City Council has determined and hereby determines that it is in the best interests of the City and its residents that the Series 2026 Bonds be issued with a first lien, but not an exclusive first lien, on the Pledged 0.3250% MGRT Revenues and a subordinate lien, but not an exclusive subordinate lien, on the Pledged 0.50% MGRT Revenues; and

WHEREAS, the City Council has determined that it may lawfully pledge the Pledged Revenues for the repayment of the Series 2026 Bonds; and

WHEREAS, the Series 2026 Bonds shall be a special, limited obligation of the City, payable solely from the Pledged Revenues and shall not constitute a general obligation of the City, or a debt or pledge of the faith and credit of the City or the State; and

WHEREAS, other than the Pledged Revenues, no tax revenues or other revenues collected by the City will be pledged to the Series 2026 Bonds; and

WHEREAS, the proposed forms of this Bond Ordinance and Intercept Agreement have been on deposit with the City Clerk and presented to the City Council; and

WHEREAS, the City Council expects to sell the Series 2026 Bonds in a private placement to the New Mexico Finance Authority (the “Purchaser”), as determined pursuant to the Pricing Certificate supplementing this Bond Ordinance, and to delegate authority to the City Manager or City Financial Services Director (the "Delegate") to execute and deliver the Pricing Certificate to the Purchaser, as authorized by Section 6-14-10.2 NMSA 1978, provided that the final terms of the Series 2026 Bonds set forth in the Pricing Certificate be within the parameters set forth in this Ordinance; and

WHEREAS, the specific principal amounts, interest rates, maturity dates, prices and other final terms and other features of the Series 2026 Bonds, including, without limitation, provisions concerning the 2026 Reserve Fund, a Bond Insurance Policy and a Reserve Fund Insurance Policy (if any) will be established in the Pricing Certificate; and

WHEREAS, the City Council has determined that it is in the best interests of the City to authorize the issuance of the Series 2026 Bonds pursuant to this Bond Ordinance.

NOW, THEREFORE, Be it Ordained by the Governing Body of the City of Las Cruces:

(I)

THAT

Section 1. Definitions. As used in this Bond Ordinance, the following terms shall, for all purposes, have the meanings herein specified, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

"Acquisition Fund" or "2026 Acquisition Fund" means the City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026, Improvement Project Acquisition Fund" established by Section 16 of the Bond Ordinance.

"Act" means the general laws of the State, including Sections 3-31-1 to 3-31-12 , 6-14-1 through 6-14-12 NMSA 1978, as amended and supplemented, the home rule powers of the City under the Charter and Article X, Section 6 of the Constitution of the State, and enactments of the City Council relating to the Pledged Revenues and the issuance of the Series 2026 Bonds, including this Bond Ordinance.

"Bond Insurance Policy" means the financial guaranty insurance policy, if any, issued by the Insurer insuring the payment when due of the principal of and interest on the Series 2026 Bonds as provided therein.

"Bond Ordinance" means this City Ordinance No. 3110 adopted on June 15, 2026, as supplemented by the Pricing Certificate.

"Bond Purchase Agreement" means the agreement between the City and the Purchaser providing for the sale of the Series 2026 Bonds by the City and the purchase of the Series 2026 Bonds by the Purchaser pursuant to the terms set forth therein and in the Pricing Certificate.

"Bondholder," "holder," "owner" or "Owner" means the registered owner of any Bond as shown on the registration books of the City for the Series 2026 Bonds, from time to time, maintained by the Registrar. Any reference to a majority or a particular percentage or proportion of the Bondholders shall mean the Holders at the particular time of a majority or of the specified percentage or proportion in aggregate principal amount of all Bonds then outstanding.

"Bonds" or "Series 2026 Bonds" or "2026 Bonds" means the City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026 authorized by this Bond Ordinance, as supplemented by the Pricing Certificate.

"Business Day" means a day on which commercial banks in the city in which the principal office of the Paying Agent and Registrar is located are open for conduct of substantially all of their business operations.

"Charter" means the home rule charter of the City submitted to Las Cruces City Commission on January 7, 1985, and approved by the voters of the City on March 5, 1985, as amended and supplemented.

"City" means the City of Las Cruces, in the County of Doña Ana and State of New Mexico.

"City Council" means the City Council of the City or any future successor governing body of the City.

"Code" means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of the Code, and all applicable regulations whether proposed, temporary or final, including regulations issued and proposed pursuant to the statutory predecessor of the Code, and, in addition, all official rulings and judicial determinations applicable to the Series 2026 Bonds, and under the statutory predecessor of the Code and any successor provisions to those sections or regulations.

"Continuing Disclosure Undertaking" means the continuing disclosure agreement, if any, with respect to the Series 2026 Bonds to be executed on the day of issuance and delivery of the Series 2026 Bonds to the Purchaser, if required by the Purchaser.

"Debt Service Fund" or "2026 Debt Service Fund" means the "City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026, Debt Service Fund" established in Section 16 of this Bond Ordinance.

"Depository" means The Depository Trust Company, New York, New York, or such other securities depository as may be designated by an officer of the City.

"Event of Default" means any of the events stated in Section 25 of this Bond Ordinance.

"Expenses" means the reasonable and necessary fees, costs and expenses incurred by the City with respect to the issuance of the Series 2026 Bonds, including, to the extent applicable, the fees, compensation, costs and expenses paid or to be paid to the Paying Agent and Registrar, the Insurer and legal fees, financial advisor fees, expenses and applicable gross receipts taxes, costs of printing and distributing the Preliminary Official Statement and the Official Statement, if any, rating fees and accounting fees and expenses.

"Fiscal Year" means the period commencing on July 1 in each calendar year and ending on the last day of June of the next succeeding calendar year, or any other twelve-month period which any appropriate authority may hereafter establish for the City as its fiscal year.

"Fitch" means Fitch Ratings, Inc., its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

"Herein," "hereby," "hereunder," "hereof," "hereinabove" and "hereafter" refer to the entire Bond Ordinance and not solely to the particular section or paragraph of this Bond Ordinance in which such word is used.

"Independent Accountant" means (A) an accountant employed by the State of New Mexico and under supervision of the State Auditor of the State of New Mexico, or (B) any certified public accountant, registered accountant, or firm of such accountants duly licensed to practice and practicing as such under the laws of the State of New Mexico, appointed and paid by the City who (i) is, in fact, independent and not under the domination of the City, (ii) does not have any substantial interest, direct or indirect, with the City, and (iii) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or similar audits of the books or records of the City.

"Insured Bank" means a bank or savings and loan association insured by an agency of the United States.

"Intercept Agreement" means the Intercept Agreement, if any, dated the Closing Date between the City and the New Mexico Finance Authority providing for the direct payment, if required, by the New Mexico Department of Taxation and Revenue to the New Mexico Finance Authority of Pledged Revenues in amounts sufficient to pay principal and interest and any other amounts due on the Series 2026 Bonds, and any amendments or supplements to the Intercept Agreement.

"Interest Payment Date" means each June 1 and December 1, commencing December 1, 2026, or such other dates specified in the Pricing Certificate.

"Minimum Reserve" means an amount equal to the least of (i) ten percent of the principal amount of the outstanding Series 2026 Bonds, (ii) the maximum annual debt service on the outstanding Series 2026 Bonds, or (iii) 125% of the average annual debt service on the outstanding Series 2026 Bonds. The Minimum Reserve shall be recalculated every year on or about June 1

"Moody's" means Moody's Investor Service, its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

"NMSA 1978" means the New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented.

"Notice of Sale" means, if the Series 2026 Bonds are sold in a competitive sale, the official notice of sale of the Series 2026 Bonds.

"Official Statement" means the final disclosure document relating to the issuance and sale of the Series 2026 Bonds, if any.

"Outstanding" or "outstanding" when used in reference to bonds means, on any particular date, the aggregate of all Bonds delivered under this Bond Ordinance except:

those cancelled at or prior to such date or delivered or acquired by the City at or prior to such date for cancellation; those otherwise deemed to be paid in accordance with Section 28 or Section 31 of this Bond Ordinance; those in lieu of or in exchange or substitution for which other Bonds shall have been delivered, unless proof satisfactory to the City and the Paying Agent is presented that any Bond for which a new Bond was issued or exchanged is held by a bona fide holder or in due course.

"Parity Bonds" or "Parity Obligations" means any bonds or other obligations, now outstanding or hereafter issued or incurred, payable from and constituting a lien, but not an exclusive lien, upon the Pledged Revenues on a parity with the lien thereon of the Series 2026 Bonds such lien being a first lien, but not an exclusive first lien, on the Pledged 0.3250% MGRT Revenues and a subordinate lien, but not an exclusive subordinate lien, on the Pledged 0.50% MGRT Revenues.

"Parity Subordinate 0.50% MGRT Bonds" means the Series 2026 Bonds and any bonds or other obligations, now outstanding or hereafter issued or incurred, payable from and constituting a subordinate lien, but not an exclusive subordinate lien, on the Pledged 0.50% MGRT Revenues, subordinate to the lien thereon of the Senior 0.50% MGRT Bonds.

"Paying Agent" means the City Treasurer, as agent for the City for the payment of the Series 2026 Bonds or any other entity at the time appointed Paying Agent by resolution of the City Council.

"Permitted Investments" means an investment or security permitted by laws of the State and by policies of the City for investment of public money.

"Pledged 0.3250% MGRT Revenue Fund" means the 0.3250% Gross Receipts Tax Revenue Income Fund, created in Section 16 of this Bond Ordinance.

"Pledged 0.50% MGRT Revenue Fund" means the Gross Receipts Tax Revenue Fund established in Section 16 of Ordinance 3089 and continued in Section 16 of this Ordinance.

"Pledged 0.3250% MGRT Revenues" means the revenues derived from the municipal gross receipts tax imposed on all persons engaging in business in the City pursuant to Section 7-19D-9 NMSA 1978 and the Tax Ordinance and distributed to the City pursuant to Sections 7-1-6.1 and 7-1-6.12 NMSA 1978 in the total amount of 0.3250% of the gross receipts of a person engaging in business in the City, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, and after any disbursements for tax credits, refunds, payments of interest and administrative costs and fees pursuant to Section 7-1-6.41 NMSA 1978, which net revenues are pledged to the payment of the Series 2026 Bonds. The City is not pledging and the term "Pledged 0.3250% MGRT Revenues" does not include any gross receipts tax income received pursuant to any other statutes or ordinances, or any amounts derived from sources other than as described in this Ordinance; and provided further, the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to this Bond Ordinance.

"Pledged 0.50% MGRT Revenues" means the revenues derived from two one-quarter percent increments of municipal gross receipts taxes imposed pursuant to the 0.50% Tax Ordinances, (a) which taxes equal a combined 0.50% of the gross receipts reported or required to be reported by persons engaging in business in the City subject to the exemptions specified in Section 7-19D-5 NMSA 1978 and as required by Section 7-19D-4 NMSA 1978, (b) which amounts are dedicated to general fund purposes and (c) which amounts are collected pursuant to Section 7-19D-7 NMSA 1978 and remitted to the City monthly by the Revenue Division of the Taxation and Revenue Department of the State of New Mexico pursuant to Sections 7-1-6.1 and 7-1-6.12 NMSA 1978, as amended, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, as amended, less any deduction for administrative costs withheld pursuant to Section 7-1-6.41 NMSA 1978; The City is not pledging and the term "Pledged 0.50% MGRT Revenues" does not include any gross receipts tax income received pursuant to any other statutes or ordinances, or any amounts derived from sources other than as described in this Ordinance; and provided further, the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to this Bond Ordinance.

"Pledged Revenue Funds" means, collectively, the Pledged 0.3250% MGRT Revenue Fund and the Pledged 0.50% MGRT Revenue Fund created and continued in Section 16 of this Bond Ordinance.

"Pledged Revenues" means, collectively, the Pledged 0.3250% MGRT Revenues and the Pledged 0.50% MGRT Revenues.

"Preliminary Official Statement" means the initial disclosure document relating to the issuance and sale of the Series 2026 Bonds, if any.

"Pricing Certificate" means one or more certificates executed by the City Manager or City Finance Director, dated on or before the date of delivery of the Series 2026 Bonds, setting forth the following final terms of the Series 2026 Bonds: (i) the interest and principal payment dates; (ii) the principal amounts, denominations and maturity amortization; (iii) the sale prices; (iv) the interest rate or rates; (v) the interest payment periods; (vi) the redemption and tender provisions; (vii) the creation of any capitalized interest fund, including the size and funding of such fund(s); (viii) the amount of underwriting discount, if any; (ix) the amount of the 2026 Minimum Reserve, if any, and whether such 2026 Reserve Fund shall be funded with proceeds of the Series 2026 Bonds or through the deposit of a Reserve Fund Insurance Policy; and (x) the final terms of agreements, if any, with agents or service providers required for the purchase, sale, issuance and delivery of the Series 2026 Bonds, all subject to the parameters and conditions contained in this Ordinance.

"Purchaser" means the New Mexico Finance Authority or such other purchaser as set forth in the Pricing Certificate.

"Rating Category" means a generic securities rating category, without regard, in the case of a long-term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

"Registrar" means the City Treasurer, as agent for the City for transfer and exchange of the Series 2026 Bonds or any other entity at the time appointed by resolution of the City Council.

"Reserve Fund Insurance Policy" means any insurance policy, surety bond or letter of credit deposited in or credited to the 2026 Reserve Fund in lieu of or in partial substitution for cash or allowable investments on deposit in the 2026 Reserve Fund.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, and, if such entity is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

"Senior 0.50% MGRT Bonds" or "Senior 0.50% MGRT Obligations" means the 2025 Senior 0.50% MGRT Bonds authorized by Ordinance No. 3089 adopted on January 6, 2025, as supplemented by the Pricing Certificate executed on February 6, 2025, authorized in the original aggregate principal amount of $18,255,000, and any other obligations hereafter issued constituting a first lien, but not an exclusive first lien, on the Pledged 0.50% MGRT Revenues.

"2025 Senior 0.50% MGRT Bond Ordinance" means Ordinance No. 3089 adopted on January 6, 2025, as supplemented by the Pricing Certificate executed on February 6, 2025, authorizing the issuance and delivery of the 2025 Senior MGRT 0.50% Bonds.

"2025 Senior 0.50% MGRT Bonds" means the City of Las Cruces, New Mexico Taxable Municipal Gross Receipts Tax (One-Half Percent) Revenue Bonds, Series 2025 issued in the original aggregate principal amount of $18,255,000 payable from and constituting a first lien, but not an exclusive first lien, on the Pledged 0.50% MGRT Revenues.

"State" means the State of New Mexico.

"Subordinate Bonds" or "Subordinate Obligations" means bonds or other obligations, now outstanding or hereafter issued or incurred, payable from and constituting a lien upon the Pledged Revenues subordinate and junior to the lien thereon of the Parity Bonds.

"Subordinate 0.3250% MGRT Obligations" means bonds or other obligations, now outstanding or hereafter issued or incurred, payable from and constituting a lien upon the Pledged Revenue subordinate and junior to the lien thereon of the Parity Bonds.

"0.3250% MGRT Tax Ordinance" means Ordinance No. 3072, Council Bill 25-001 adopted on July 15, 2024, and as approved by voters on November 5, 2024, imposing a municipal gross receipts tax at the rate of 0.3250%.

"0.50% MGRT Tax Ordinances" means, collectively, (i) City Ordinance No. 385 adopted by the City Council on July 6, 1981 with an effective date of January 1, 1982, and (ii) City Ordinance No. 427 adopted by the City Council on June 7, 1982 with an effective date of January 1, 1983, pursuant to Sections 7-19D-1 et. seq. NMSA 1978, as amended.

"Tax Ordinances" means, collectively, the 0.3250% MGRT Tax Ordinance and the 0.50% MGRT Tax Ordinances.

"2026 Improvement Project" or "Project" means (1) planning, designing, constructing, purchasing, furnishing, equipping, rehabilitating, making additions to or making improvements to public buildings and facilities, including the acquisition of land therefore, including, but not limited to, recreational facilities, library facilities, public safety facilities; (2) constructing, reconstructing, resurfacing, maintaining, repairing or otherwise improving streets or roadways and constructing drainage improvements, including the acquisition of rights of way necessary therefore; (3) acquiring and equipping public safety vehicles; (4) funding the Reserve Fund for the Series 2026 Bonds, if required by the Purchaser; and (5) paying the Expenses related to the issuance of the Series 2026 Bonds.

"2026 Reserve Fund" or "Reserve Fund" means the "City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026, Reserve Fund" established by Section 16 of this Bond Ordinance.

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of this Bond Ordinance) by the City Council and the officers of the City, directed toward the Improvement Project, the issuance of the Series 2026 Bonds for the Improvement Project and the sale of the Series 2026 Bonds to the Purchaser be, and the same hereby is, ratified, approved and confirmed.

Section 3. Authorization of the 2026 Improvement Project. The 2026 Improvement Project and the method of financing the 2026 Improvement Project are hereby authorized and ordered at a total cost estimated not to exceed the amount of the Bond proceeds allocated to the 2026 Improvement Project as set forth in the Pricing Certificate and any investment earnings thereon, excluding any such cost defrayed or to be defrayed by any source other than Bond proceeds.

Section 4. Findings; Declaration. The City Council hereby declares that it has considered all relevant information and data and hereby makes the following findings:

The 2026 Improvement Project is needed to meet the needs of the City and its inhabitants.

Moneys available for the 2026 Improvement Project from all sources other than the issuance of Bonds are not sufficient to defray the cost of the 2026 Improvement Project.

The Pledged Revenues may lawfully be pledged to secure the payment of amounts due under the Series 2026 Bonds. It is economically feasible to defray, in part, the cost of the 2026 Improvement Project by the issuance of the Series 2026 Bonds. The issuance of the Series 2026 Bonds pursuant to the Act, to provide funds to finance the costs of the 2026 Improvement Project is necessary and in the interest of the public health, safety and welfare of the residents of the City. The City is current in the accumulation of all amounts which are required to have been accumulated in the debt service funds and the reserve funds, if any, for the outstanding Senior 0.50% MGRT Bonds.

Section 5. Bonds – Authorization, Parameters and Detail.

A. Authorization. This Bond Ordinance has been adopted by the affirmative vote of at least three-fourths of all of the members of the City Council. For the purpose of protecting the public health, conserving the property, and protecting the general welfare and prosperity of the citizens of the City, it is hereby declared necessary that the City, pursuant to the Act, issue one series of its negotiable, fully registered, revenue bonds to be designated the "City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026" in an aggregate principal amount not to exceed $22,150,000, and the issuance, sale and delivery of the Series 2026 Bonds is hereby authorized.

B. Parameters Authorized; Details of Bonds. There is hereby authorized and created a series of bonds designated as the City of Las Cruces, New Mexico, Gross Receipts Tax Improvement Revenue Bonds, Series 2026. The Series 2026 Bonds shall be issued subject to the following parameters:

(i) The Series 2026 Bonds shall be issued in an aggregate principal amount not to exceed $22,150,000 for the 2026 Improvement Project.

(ii) The net effective interest rate on the Series 2026 Bonds shall not exceed 12% per annum.

(iii) The final maturity of the Series 2026 Bonds shall not be later than June 1, 2041.

(iv) The Series 2026 Bonds shall be sold with an underwriting or purchaser's discount not to exceed 1.00%.

(iv) The Series 2026 Bonds shall be payable solely from, and shall constitute a first lien, but not an exclusive first lien, upon the Pledged 0.3250% MGRT Revenues and a subordinate lien, but not an exclusive subordinate lien, upon the Pledged 0.50% MGRT Revenues.

(v) The Series 2026 Bonds shall be sold to the Purchaser pursuant to private placement with the Purchaser.

(vi) The maximum sale price of the Series 2026 Bonds shall be not more than $22,150,000, exclusive of premium payable in connection with the issuance of the Series 2026 Bonds.

(vii) The Series 2026 Bonds shall be in substantially the form set forth in this Ordinance.

C. The Delegate will set the date to determine the terms and provisions of the Series 2026 Bonds for the purchase of the Series 2026 Bonds by the Finance Authority as provided in this Section ("Pricing Date") upon no less than five (5) business days' prior notice (or such other prior notice as accepted by the Finance Authority) of such Pricing Date to the Finance Authority. The Delegate is hereby authorized pursuant to this Bond Ordinance to approve the final terms of the Series 2026 Bonds as permitted by Section 6-14-10.2 NMSA 1978, and to execute and deliver the Pricing Certificate and a Bond Purchase Agreement. The form of the Intercept Agreement submitted with the adoption of this Ordinance are hereby approved with such changes as are approved by the Delegate consistent with the parameters outlined in this Ordinance.

D. The Series 2026 Bonds shall be negotiable instruments but shall be issued only as fully registered bonds, in such numbers and denominations as may be requested by the Purchaser, but exchangeable for other fully registered Bonds of any denominations which are multiples of $5,000. The Series 2026 Bonds shall be numbered separately and consecutively, shall be dated the date of their delivery to the Purchaser, shall mature on June 1 of each year and shall bear interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid or provided for, from their date, payable semi-annually on June 1 and December 1 in each year commencing on December 1, 2026 (or such other dates as specified in the Pricing Certificate) until their respective maturities. The Series 2026 Bonds shall bear the rates of interest, maturities and provisions for redemption prior to maturity as shall be established in the Pricing Certificate.

Section 6. Redemption of Bonds.

A. Notice of Redemption. In the event that the Series 2026 Bonds are subject to redemption prior to their scheduled maturities, as may be established in the Pricing Certificate, notice of redemption shall be given by the Registrar by sending a copy of such notice in the manner required by the Depository or by first-class, postage prepaid mail at least thirty (30) days prior to the redemption date to the registered owner of each Bond, or portion thereof, to be redeemed at the address shown as of the close of business of the Registrar on the fifth day prior to the mailing of notice on the registration books kept by the Registrar. The City shall give notice of optional redemption of the Series 2026 Bonds to the Registrar at least forty-five (45) days prior to the redemption date (unless such deadline is waived by the Registrar). The Registrar's failure to give such notice to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given. Notices of redemption shall specify the maturity dates and the number or numbers of the Series 2026 Bonds to be redeemed (if less than all are to be redeemed) and if less than the full amount of any Bond is to be redeemed, the amount of such Bond to be redeemed, the date fixed for redemption, and that on such redemption date there will become and be due and payable upon each Bond to be redeemed at the office of the Paying Agent the principal amount to be redeemed plus accrued interest to the redemption date and that from and after such date interest will cease to accrue on such amount. Notice having been given in the manner hereinbefore provided, the Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem all Bonds called for redemption shall on the redemption date be on deposit with the Paying Agent, the Series 2026 Bonds to be redeemed shall be deemed not outstanding and shall cease to bear interest from and after such redemption date. Upon presentation of the Series 2026 Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Bond or Bonds so called for redemption with funds deposited with the Paying Agent by the City.

B. Conditional Redemption. If money or Defeasance Obligations (as defined in Section 31) sufficient to pay the optional redemption price of the Series 2026 Bonds to be called for optional redemption are not on deposit with the Paying Agent prior to the giving of notice of optional redemption pursuant to paragraph A of this Section, such notice shall state such Bonds will be redeemed in whole or in part on the optional redemption date in a principal amount equal to that part of the optional redemption price received by the Paying Agent on the applicable optional redemption date. If the full amount of the optional redemption price is not received as set forth in the preceding sentence, the notice shall be effective only for those Bonds for which the optional redemption price is on deposit with the Paying Agent. If all Bonds called for optional redemption cannot be redeemed, the Series 2026 Bonds to be redeemed shall be selected in the manner deemed reasonable and fair by the City and the Registrar shall give notice, in the manner in which the original notice or optional redemption was given, that such money was not received and the information required by paragraph A of this Section. In that event, the Registrar shall promptly return to the Owners thereof the Series 2026 Bonds or certificates which it has received evidencing the part thereof which have not been optionally redeemed.

Section 7. Filing of Manual Signatures. Prior to the execution of any Bond pursuant to Sections 6-9-1 to 6-9-6 NMSA 1978, as amended, the Mayor or Mayor Pro Tem and City Clerk may each file with the New Mexico Secretary of State his or her manual signature certified by him or her under oath; provided that filing shall not be necessary for any officer where any previous filing may have legal application to the Series 2026 Bonds.

Section 8. Execution and Authentication of Bonds.

A. Execution. The Series 2026 Bonds shall be signed with the engraved, imprinted, stamped or otherwise reproduced facsimile of the signature, or the manual signature, of the Mayor or Mayor Pro Tem and shall be attested with the facsimile or manual signature of the City Clerk. There shall be affixed to each Bond the printed, engraved, stamped or otherwise placed facsimile of, or imprint of, the City's corporate seal. The Series 2026 Bonds shall be authenticated by the manual signature of an authorized officer of the Registrar. The Series 2026 Bonds when authenticated and bearing the manual or facsimile signatures of the officers in office at the time of signing thereof shall be valid and binding special obligations of the City, notwithstanding that before delivery thereof and payment therefor, any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices. The Mayor or Mayor Pro Tem and City Clerk, at the time of the execution of the Series 2026 Bonds and the signature certificate, each may adopt as and for his or her own facsimile signature, the facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Series 2026 Bonds or certificates pertaining to the Series 2026 Bonds.

B. Authentication. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication has been duly executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been fully executed if manually signed and inscribed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Series 2026 Bonds issued hereunder.

Section 9. Negotiability. The Series 2026 Bonds shall be fully negotiable and shall have all the qualities of negotiable paper and the Bondholders shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Uniform Commercial Code. Except as set forth herein, the Series 2026 Bonds outstanding shall in all respects be equally and ratably secured, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Series 2026 Bonds. Section 10. Payment and Presentation of Bonds for Payment. Principal and interest on the Series 2026 Bonds shall be payable in lawful money of the United States of America, without deduction for exchange or collection charges. Principal shall be payable in immediately available funds at maturity or redemption thereof upon presentation and surrender of such Bond at the principal office of the Paying Agent or at the designated office of any successor Paying Agent. Upon any partial prior redemption of any Bond, the registered owner, in its discretion, may request the Registrar to authenticate a new Bond or to make a notation on the Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the Bond must be presented to the Paying Agent prior to payment. Interest on the Series 2026 Bonds shall be payable by check or draft mailed to the registered owner thereof (or in such other manner as may be agreed upon by the Paying Agent and the registered owner), as shown on the registration books maintained by the Registrar at the address appearing therein on the 15th day of the calendar month next preceding the Interest Payment Date (the “Record Date”). Any interest which is not timely paid or provided for shall cease to be payable to the owner thereof (or of one or more predecessor Bonds) as of the Record Date, but shall be payable to the owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to Bond owners not less than ten (10) days prior thereto. If any Bond presented for payment remains unpaid at maturity or redemption, it shall continue to bear interest at the rate or rates designated in, and applicable to, such Bond from time to time. If any Bond is not presented for payment at maturity or redemption when funds available therefor have been deposited with the Paying Agent, it shall cease bearing interest on and from the date of maturity or redemption.

Section 11. Registration, Transfer, Exchange and Ownership of Bonds.

A. Registration, Transfer and Exchange. The City shall cause books for registration, transfer, and exchange of the Series 2026 Bonds as provided herein to be kept at the principal office of the Registrar. Upon surrender for transfer or exchange of any fully registered Bond at the principal office of the Registrar duly endorsed by the registered owner or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Registrar and duly executed, the Registrar shall authenticate and deliver, not more than three (3) business days after receipt of the Bond or Bonds to be transferred, in the name of the transferee or registered owner, as appropriate, a new Bond or Bonds in authorized denominations, in fully registered form of the same aggregate principal amount, maturity and interest rate.

B. Limitations. The Registrar shall not be required to transfer or exchange any Bond (i) during the period of fifteen (15) days next preceding the mailing of notice calling any Bonds for redemption as herein provided, or (ii) after the mailing to registered owners of notice calling such Bonds or portion thereof for redemption as herein provided. The Registrar shall close books for change of registered owners' addresses on each Record Date; transfers will be permitted within the period from each Record Date to each Interest Payment Date, but such transfers shall not include a transfer of accrued interest payable.

C. Owner of the Series 2026 Bonds. The person in whose name any Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either the principal of or interest on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative as stated herein, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

D. Lost Bonds. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such Bond, if mutilated, and such evidence, information or indemnity relating thereto as the Registrar may reasonably require, if lost, stolen or destroyed, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not contemporaneously outstanding. If any such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, the Registrar may request the Paying Agent to pay such bond in lieu of replacement.

E. Additional Bonds. Executed but unauthenticated Bonds are hereby authorized to be delivered to the Registrar in such quantities as may be convenient to be held in custody by the Registrar pending delivery as herein provided.

F. Charges. For each new Bond issued in connection with a transfer or exchange, the Registrar may make a charge to the owner of the Bond requesting such exchange or transfer sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

G. Successor Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign or is prohibited by law from continuing as Registrar or Paying Agent, or if the City shall reasonably determine that the Registrar or Paying Agent has become incapable of fulfilling its duties hereunder, the City may, upon notice mailed to each registered owner of Bonds at the address last shown on the registration books, appoint a successor Registrar or Paying Agent, or both. Every such successor Registrar or Paying Agent shall be a bank or trust company located in and in good standing in the United States and having shareholders' equity (e.g., capital stock, surplus and undivided profits), however denominated, not less than $50,000,000. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the City shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

H. Book Entry. The Series 2026 Bonds may be issued or registered, in whole or in part, in book-entry form from time to time with no physical distribution of bond certificates made to the public, with a Depository acting as securities depository for the Series 2026 Bonds. A single certificate for each maturity date of the Series 2026 Bonds issued in book-entry form will be delivered to the Depository and immobilized in its custody. The book-entry system will evidence ownership of the Series 2026 Bonds in authorized denominations, with transfer of ownership effected on the books of the Depository and its participants ("Participants"). As a condition to delivery of the Series 2026 Bonds in book-entry form, the Purchaser will, immediately after acceptance of delivery thereof, deposit, or cause to be deposited, the Bond certificates with the Depository, registered in the name of the Depository or its nominee. Principal, premium, if any, and interest will be paid to the Depository or its nominee as the registered owner of the Series 2026 Bonds. The transfer of principal, premium, if any, and interest payments to Participants will be the responsibility of the Depository; the transfer of principal, premium, if any, and interest payments to the beneficial owners of the Series 2026 Bonds (the "Beneficial Owners") will be the responsibility of Participants and other nominees of Beneficial Owners maintaining a relationship with Participants (the "Indirect Participants"). The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by the Depository, Participants or Indirect Participants.

If (i) the Series 2026 Bonds are not eligible for the services of the Depository, (ii) the Depository determines to discontinue providing its services with respect to the Series 2026 Bonds or (iii) the City determines that a continuation of the system of book-entry transfers through the Depository ceases to be beneficial to the City or the Beneficial Owners, the City will either identify another Depository or certificates for the Series 2026 Bonds will be delivered to the Beneficial Owners or their nominees, and the Beneficial Owners or their nominees, upon authentication of Bonds and registration of those Bonds in the Beneficial Owners' or nominees' names, will become the owners of the Series 2026 Bonds for all purposes. In that event, the City shall mail an appropriate notice to the Depository for notification to Participants, Indirect Participants and Beneficial Owners of the substitute Depository or the issuance of bond certificates to Beneficial Owners or their nominees, as applicable.

Officers of the City are authorized to sign agreements with the Depository relating to the matters set forth in this Section.

Notwithstanding any other provision of this Bond Ordinance, so long as all of the Series 2026 Bonds are registered in the name of the Depository or its nominee, all payments of principal, premium, if any, and interest on the Series 2026 Bonds, and all notices with respect to the Series 2026 Bonds, shall be made and given by the Paying Agent, Registrar or the City to the Depository as provided in the Bond Ordinance and by the Depository to its Participants or Indirect Participants and notices to the Beneficial Owners of the Series 2026 Bonds in the manner provided in an agreement or letter of the City to the Depository.

Section 12. Special Limited Obligations. All of the Series 2026 Bonds and all payments of principal, premium, if any, and interest thereon whether at maturity or on a redemption date, together with any interest accruing thereon, shall be special limited obligations of the City and shall be payable and collectible solely from the Pledged Revenues, which revenues are so pledged and are payable as set forth in Section 17 of this Bond Ordinance. The owner or owners of the Series 2026 Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor. The Series 2026 Bonds shall not constitute an indebtedness or a debt of the City within the meaning of any constitutional, charter or statutory provision or limitation, nor shall they be considered or held to be general obligations of the City, and each of the Series 2026 Bonds shall recite that it is payable and collectible solely out of the Pledged Revenues, pledged as set forth in this Bond Ordinance, and that the holders thereof may not look to any general or other municipal fund for the payment of the principal of and interest on the Series 2026 Bonds. Nothing herein shall prevent the City from applying other funds of the City legally available therefor to the payment of the Series 2026 Bonds, in its sole discretion.

Section 13. Form of Bonds. The forms, terms and provisions of the Series 2026 Bonds shall be substantially in the form set forth below, with such changes therein as are not inconsistent with the Bond Ordinance.

(Form of Bond)

NEITHER THIS BOND NOR ANY INTEREST IN THIS BOND MAY BE, DIRECTLY OR INDIRECTLY, OFFERED, SOLD, HYPOTHECATED, ENCUMBERED OR OTHERWISE TRANSFERRED OR DISPOSED OF (INDIVIDUALLY AND COLLECTIVELY, A ''TRANSFER") EXCEPT IN COMPLIANCE WITH SECURITIES ACT OF 1933, AS AMENDED (THE "ACT''), AND APPLICABLE STATE SECURITIES LAWS AS ESTABLISHED TO THE SATISFACTION OF THE CITY, AND ANY SUCH PURPORTED TRANSFER OF THIS BOND WILL NOT BE EFFECTIVE UNLESS THE TRANSFEROR PROVIDES TO THE CITY AND THE PURCHASER (A) AN OPINION, IN FORM AND SUBSTANCE SATISFACTORY TO THE CITY, FROM LEGAL COUNSEL EXPERIENCED IN SECURITIES LAWS MATTERS, WHICH COUNSEL MUST BE SATISFACTORY TO THE CITY, TO THE EFFECT THE TRANSFER COMPLIES WITH THE ACT AND APPLICABLE STATE SECURITIES LAWS AND (B) WRITTEN REPRESENTATIONS FROM THE

TRANSFEREE, IN FORM AND SUBSTANCE SATISFACTORY TO THE CITY, NECESSARY TO ESTABLISH SUCH COMPLIANCE.UNITED STATES OF AMERICA

STATE OF NEW MEXICO COUNTY OF DOÑA ANA

CITY OF LAS CRUCES, NEW MEXICO
GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS,
SERIES 2026

Bond No. _______ $_________

INTEREST RATE	MATURITY DATE	DATE OF BOND	CUSIP
% per annum	June 1, _____	_________ , 2026	_____

REGISTERED OWNER: ________________________________
PRINCIPAL AMOUNT: _________________________________

The City of Las Cruces (the “City”), in the County of Doña Ana and State of New Mexico, a municipal corporation duly organized and existing under the Constitution and laws of the State of New Mexico, for value received, hereby promises to pay, solely from the special funds available for the purpose as hereinafter set forth, to the registered owner named above or registered assigns, on the Maturity Date specified above, upon presentation and surrender hereof at the principal office of the City Treasurer, Las Cruces, New Mexico, as paying agent, or any successor paying agent (the “Paying Agent”), the Principal Amount stated above, in lawful money of the Unites States of America, and to pay from such sources interest on the unpaid principal amount at the Interest Rate on [_____1, 2026] and on [June 1] and [December 1] of each year (each an “Interest Payment Date”) thereafter to its maturity, or until redeemed if called for redemption prior to maturity. This bond will bear interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid or provided for, from its date. Interest on this bond is payable by check mailed to the registered owner hereof (or by such other arrangement as may be mutually agreed to by the Paying Agent and the registered owner) as shown on the registration books for this issue maintained by the City Treasurer, Las Cruces, New Mexico, as registrar, or any successor registrar (the “Registrar”) at the address appearing therein at the close of business on the fifteenth day of the calendar month next preceding the Interest Payment Date (the “Record Date”). Any interest which is not timely paid or duly provided for shall cease to be payable to the owner hereof as of the Record Date but shall be payable to the owner hereof at the close of business on a special record date to be fixed by the Paying Agent for the payment of interest. The special record date shall be fixed by the Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to owners of Bonds (defined below) as then shown on the Registrar's registration books not less than ten (10) days prior to the special record date. If, upon presentation at maturity or redemption, payment of this bond is not made as herein provided, interest hereon shall continue at the Interest Rate until the principal hereof is paid in full. The principal, premium, if any, and interest on this bond are payable in lawful money of the United States of America, without deduction for the services of the Paying Agent or the Registrar. This bond is one of a duly authorized series of fully registered bonds of the City in the aggregate principal amount of $___________ issued in denominations of $5,000 or integral multiples thereof, designated as the City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026 (the “Series 2026 Bonds”) issued under and pursuant to City Ordinance No. 3110, as supplemented by a Pricing Certificate dated _________________ , 2026 (as supplemented, the “Bond Ordinance”).

This bond is one of a duly authorized series of fully registered bonds of the City in the aggregate principal amount of $___________ issued in denominations of $5,000 or integral multiples thereof, designated as the City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026 (the “Series 2026 Bonds”) issued under and pursuant to City Ordinance No. 3110, as supplemented by a Pricing Certificate dated _________________ , 2026 (as supplemented, the “Bond Ordinance”).

The Series 2026 Bonds maturing on and after June 1, ____, are subject to prior redemption at the City's option in one or more units of principal of $5,000 on and after [June 1], ____ in whole or in part at any time, in such order of maturities as the City may determine (and by lot if less than all of the Series 2026 Bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner considered appropriate and fair), for the principal amount of each $5,000 unit of principal so redeemed plus accrued interest to the redemption date.

Redemption shall be made upon prior notice mailed to each registered owner of each Series 2026 Bond selected for redemption as shown on the registration books kept by the Registrar in the manner and upon the conditions provided in the Bond Ordinance.

Notice of redemption of this bond will be given by providing at least thirty (30) days prior written notice in the manner required by the depository for the Series 2026 Bonds or by first-class postage prepaid mail to the owner hereof at the address shown on the registration books as of the fifth day prior to the mailing of notice as provided in the Bond Ordinance. Notices of redemption will specify the number or numbers and maturity date of the Series 2026 Bonds to be redeemed (if less than all are to be redeemed), the date fixed for redemption, the amount of such Bond to be redeemed (if less than the full amount of any Bond is to be redeemed), and shall further state that on such redemption date there will become and be due and payable upon each Bond to be redeemed at the office of the Paying Agent the principal amount thereof plus accrued interest to the redemption date and that from and after such date, the redemption amount having been deposited and notice having been given, interest will cease to accrue. Upon any partial prior redemption of this bond, the registered owner, in its discretion, may request the Registrar to authenticate a new bond or to make an appropriate notation on this bond indicating the date and amount of prepayment, except in the case of final maturity, in which case this bond must be presented to the Paying Agent prior to payment.

Books for the registration and transfer of the Series 2026 Bonds shall be kept by the Registrar. Upon the surrender for transfer or exchange of a Bond at the principal office of the Registrar, duly endorsed or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver, not more than three (3) business days after receipt of the Bond or Bonds to be transferred, in the name of the transferee or owner a new Bond or Bonds in fully registered form of the same aggregate principal amount, maturity and interest rate, bearing a number or numbers not contemporaneously outstanding. Exchanges and transfers of Bonds shall be without charge to the owner or any transferee, but the Registrar may require the payment by the owner of any Bond of any tax or other similar governmental charge required to be paid with respect to such exchange or transfer. The Registrar shall not be required (i) to transfer or exchange any Bond during the period of fifteen (15) days next preceding the mailing of notice calling any Bonds for redemption, or (ii) to transfer or exchange any Bond or part thereof called for redemption. The Registrar will close books for change of registered owners' addresses on each Record Date; transfers will be permitted within the period from each Record Date to each Interest Payment Date, but such transfers shall not include a transfer of accrued interest payable.

The person in whose name any Bond is registered on the registration books kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes except as may otherwise be provided with respect to payment of interest in the Bond Ordinance; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar will, upon receipt of such Bond, if mutilated, and such evidence, information or indemnity relating thereto as the Registrar may reasonably require, if lost, stolen or destroyed, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not contemporaneously outstanding. If such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, the Registrar may direct the Paying Agent to pay such Bond in lieu of replacement.

This Bond does not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be a general obligation of the City, and is payable and collectible solely out of the revenues derived from the revenues from the Pledged Revenues (as such term is defined in the Bond Ordinance) and the bondholders may not look to any other general or other municipal fund for the payment of the interest and principal of this bond. The lien of the Series 2026 Bonds on the Pledged 0.3250% MGRT Revenues is an irrevocable and first lien, but not necessarily an exclusive first lien, on the Pledged 0.3250% MGRT Revenues, and the lien of the Series 2026 Bonds on the Pledged 0.50% MGRT Revenues is an irrevocable and subordinate lien, but not necessarily an exclusive subordinate lien, on the Pledged 0.50% MGRT Revenues, subordinate to the lien thereon of the Senior 0.50% MGRT Bonds. Upon satisfaction of the conditions set forth in the Bond Ordinance, additional bonds may be issued and made payable from the Pledged Revenues having a lien thereon either on parity with or subordinate to the lien on the Pledged 0.3250% MGRT Revenues of the Series 2026 Bonds Upon satisfaction of the conditions set forth in the Bond Ordinance, additional bonds may be issued and made payable from the Pledged 0.50% MGRT Revenues having a lien thereon either on senior to, on a parity with or subordinate to the lien on the Pledged 0.50% MGRT Revenues of the Series 2026 Bonds Amounts and securities held in the 2026 Debt Service Fund and 2026 Reserve Fund (if any), as such terms are defined in the Bond Ordinance, have been exclusively pledged for payment of the principal of, premium, if any, and interest on the Series 2026 Bonds.

The Series 2026 Bonds are issued to provide funds to defray in part the costs of (1) planning, designing, constructing, purchasing, furnishing, equipping, rehabilitating, making additions to or making improvements to public buildings and facilities, including the acquisition of land therefore, including, but not limited to recreational facilities, library facilities, public safety facilities; (2) constructing, reconstructing, resurfacing, maintaining, repairing or otherwise improving streets or roadways and constructing drainage improvements, including the acquisition of rights of way necessary therefore; (3) acquiring and equipping public safety vehicles; (4) funding the Reserve Fund for the Series 2026 Bonds, if required by the Purchaser; and (5) paying the Expenses related to the issuance of the Series 2026 Bonds.

The City covenants and agrees with the owner of this Bond and with each and every person who may become the owner hereof that it will keep and perform all of the covenants of the Bond Ordinance.

This Bond is subject to the condition, and every owner hereof by accepting the same agrees with the obligor and every subsequent owner hereof, that the principal of and interest on this bond shall be paid, and this bond is transferable, free from and without regard to any equities, set-offs or crossclaims between the obligor and the original or any other owner hereof.

It is hereby certified that all acts and conditions necessary to be done or performed by the City or to have happened precedent to and in the issuance of the Series 2026 Bonds to make them legal, valid and binding special obligations of the City have been performed and have happened as required by law, and that the Series 2026 Bonds do not exceed or violate any constitutional or statutory limitation of or pertaining to the City.

This Bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the Certificate of Authentication.

IN WITNESS WHEREOF, the City of Las Cruces, New Mexico has caused this bond to be signed and executed on the City's behalf with the facsimile or manual signature of the Mayor or Mayor Pro Tem and the facsimile or manual signature of the City Clerk and has caused the corporate seal of the City or a facsimile thereof to be affixed hereon, all as of the Date of Bond.

CITY OF LAS CRUCES, NEW MEXICO

By____
Mayor

By____
City Clerk

(SEAL)

(Form of Registrar's Certificate of Authentication)
Certificate of Authentication
This is one of the Series 2026 Bonds described in the Bond Ordinance, and this bond has been registered on the registration books kept by the undersigned as Registrar for the Series 2026 Bonds.

Date of Authentication:

City Treasurer of the City of Las Cruces,
New Mexico, as Registrar

By____
Authorized Officer

(End of Form of Registrar's Certificate of Authentication)
(Form of Assignment)
For value received, ________________________________ hereby sells, assigns and transfer unto ____ the within bond and hereby irrevocably constitutes and appoints ____ attorney, to transfer the same on the books of the Registrar, with full power of substitution in the premises.

Social Security or Tax Identification No. of Assignee_____________________________________
Dated: __________________________
Signature Guarantee:

____

NOTE: The assignor's signature to this Assignment must correspond with the name as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

(End of Form of Assignment)
(End of Form of Bond)
Section 14. Period of 2026 Improvement Project's Usefulness. It is hereby determined and recited that the period of usefulness of the 2026 Improvement Project financed with the proceeds of the Series 2026 Bonds will not expire prior to the final maturity date of the Series 2026 Bonds.

Section 15. Use of Bond Proceeds and Other Funds; Completion of 2026 Improvement Project. Except as herein otherwise specifically provided, the proceeds derived from the sale of the Series 2026 Bonds, shall be used and paid solely for the valid costs of the 2026 Improvement Project.

A. Expenses. An amount specified in the Pricing Certificate necessary, together with other legally available funds of the City, shall be deposited in the 2026 Acquisition Fund held by the trustee for the Purchaser and used to pay Expenses. To the extent the amounts specified for Expenses are not so used, they shall be deposited in the Debt Service Fund.

B. Acquisition Fund. Proceeds derived from the sale of the Series 2026 Bonds in an amount to be specified in the Pricing Certificate shall be deposited promptly upon the receipt thereof in the 2026 Acquisition Fund to be held by the trustee for the Purchaser. Until the completion of the 2026 Improvement Project, the money in the 2026 Acquisition Fund shall be used and paid out solely for the purpose of the 2026 Improvement Project in compliance with applicable law.

C. Reserve Fund. No deposit of proceeds of the Series 2026 Bonds, Pledged Revenues or other City moneys into the Reserve Fund shall be required on the date of issuance of the Series 2026 Bonds or at any time thereafter, except in the circumstances and on the conditions described in paragraph E of Section 17 of this Bond Ordinance.

D. 2026 Improvement Project Completion. As soon as practicable after completion of the 2026 Improvement Project, and in any event not more than 60 days after completion of the 2026 Improvement Project, any proceeds remaining unspent (other than any amount retained by the City for any 2026 Improvement Project costs not then due and payable) shall be transferred and deposited in the 2026 Debt Service Fund and used by the City to pay principal and interest on the Series 2026 Bonds as same become due.

E. Purchaser Not Responsible. The Purchaser of the Series 2026 Bonds shall in no manner be responsible for the application or disposal by the City or by its officers of the funds derived from the sale thereof or of any other funds herein designated.

F. Bond Insurance Policy and/or Reserve Fund Insurance Policy. A Bond Insurance Policy and/or Reserve Fund Insurance Policy may be obtained in connection with the issuance of each of the Series 2026 Bonds, as may be provided in the Pricing Certificate. The covenants of the City and other provisions required by the issuer of the Bond Insurance Policy and/or Reserve Fund Insurance Policy or otherwise necessary or advisable in connection with the Bond Insurance Policy and/or Reserve Fund Insurance Policy shall be included in the Pricing Certificate.

Section 16. Funds and Accounts. The City hereby creates the following special and separate funds and accounts:

A. 2026 Acquisition Fund. The “City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026, Improvement Project Acquisition Fund” to be maintained by the City or by the trustee for the Purchaser.

B. Pledged Revenue Funds.

(1) Pledged 0.3250% MGRT Revenue Fund. The “City of Las Cruces, New Mexico Pledged 0.3250% MGRT Revenue Fund” (the “Pledged 0.3250% MGRT Revenue Fund”) to be maintained by the City, into which the City shall deposit the Pledged 0.3250% MGRT Revenues.

(2) Pledged 0.50% MGRT Revenue Fund. The “City of Las Cruces, New Mexico Pledged 0.50% MGRT Revenue Fund” (the “Pledged 0.50% MGRT Revenue Fund”) created by the 2025 Senior 0.50% MGRT Ordinance and continued hereby for the deposit of the Pledged 0.50% MGRT Revenues.

C. 2026 Debt Service Fund. The “City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026, Debt Service Fund” (the “2026 Debt Service Fund”) to be maintained by the City or by the trustee for the Purchaser.

D. 2026 Reserve Fund. The “City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026, Reserve Fund” (the “2026 Reserve Fund”) to be maintained by the City or by the trustee for the Purchaser.

Section 17. Deposit of Pledged Revenues and Flow of Funds.

A. Pledged Revenue Funds. So long as any of the Series 2026 Bonds are outstanding, the Pledged Revenues shall be set aside and deposited monthly into the Pledged Revenue Funds, and thereafter transferred to the Debt Service Fund, as hereinafter provided. Amounts on deposit in the Pledged 0.50% MGRT Revenue Fund shall be paid as set forth below after and subordinate to the payments required by outstanding Senior 0.50% MGRT Revenue Obligations.

B. Debt Service Fund. The following amounts shall be withdrawn first from the Pledged 0.3250% MGRT Revenue Fund, and then if the moneys in the Pledged 0.3250% MGRT Revenue Fund are not sufficient to make the required payment (on a parity with the other outstanding Parity Bonds), then from the moneys in the Pledged 0.50% MGRT Revenue Fund available on a parity with other outstanding Parity Subordinate 0.50% MGRT Bonds and Parity Bonds but after payments required by any outstanding Senior 0.50% MGRT Bonds there shall be transferred to the Debt Service Fund the following:

(1) Monthly, commencing on the first of the month immediately succeeding the delivery of the Series 2026 Bonds, an amount, in equal monthly installments, which is necessary to pay the first maturing installment of interest on the Series 2026 Bonds, and monthly thereafter commencing in the month of said interest payment date and in the month of each interest payment date thereafter, one-sixth (1/6th) of the amount necessary to pay the next maturing installment of interest on the outstanding Bonds.

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Series 2026 Bonds, an amount, in equal monthly installments, which is necessary to pay the first maturing principal amount of the Series 2026 Bonds, and monthly thereafter commencing in the month of each principal

payment date, one-twelfth (1/12th) of the amount which is necessary to pay the next maturing principal amount of the Series 2026 Bonds.

C. Credit. In making the deposits required to be made into the Debt Service Fund, if there are any amounts then on deposit in the Debt Service Fund available for the purpose for which such deposit is to be made, the amount of the deposit to be made pursuant to paragraph B above shall be reduced by the amount available in such fund and available for such purpose.

D. Transfer of Money out of Debt Service Fund. Each payment of principal and interest coming due on the Series 2026 Bonds shall be transferred from the Debt Service Fund by the City on the due date of such payment and used exclusively for such payments of principal and interest to the owners of the Series 2026 Bonds.

E. Reserve Fund. No deposit shall be required in the Reserve Fund so long as the Pledged Revenues in each Fiscal Year equal or exceed 150% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding Parity Bonds, Parity Subordinate 0.50% MGRT Obligations and Senior 0.50% MGRT Obligations. If the Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentence, the City shall begin making substantially equal monthly deposits in the Reserve Fund from the first legally available Pledged Revenues so that after 24 months an amount equal to the Minimum Reserve will be held in the Reserve Fund. After funding the Reserve Fund in an amount equal to the Minimum Reserve, no additional payments need be made into the Reserve Fund so long as the moneys therein shall equal not less than the Minimum Reserve. The moneys in the Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in paragraph (F) of this Section 17, only to prevent deficiencies in the payment of the principal of and interest on the Series 2026 Bonds resulting from failure to deposit into the Debt Service Fund sufficient funds to pay the principal and interest as the same accrue. In the event that the funding of the Reserve Fund is required, the City may satisfy that requirement by depositing a Reserve Fund Insurance Policy with coverage in the amount of the Minimum Reserve. The moneys and/or Reserve Fund Insurance Policy, if any, in the Reserve Fund are irrevocably and exclusively pledged to payment of the Series 2026 Bonds. The New Mexico Finance Authority, as purchaser and holder of the Series 2026 Bonds, shall have the right to waive the requirement of the funding of the 2026 Reserve Fund while the Series 2026 Bonds are outstanding.

(1) Thereafter, second and subordinate to the payments required by paragraph B hereof and concurrently with the payments required for any monthly reserve fund payments for Parity Obligations, Parity Subordinate 0.50% MGRT Obligations, there shall be credited monthly to the Reserve Fund, from the Pledged Revenues, such cash amount or amounts, if any, or a Reserve Fund Insurance Policy in a sufficient amount, or both, as are necessary to maintain the Reserve Fund as a continuing reserve in an amount not less than the Minimum Reserve to meet possible deficiencies in the Debt Service Fund. The moneys and a Reserve Fund Insurance Policy, if any, in the Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in paragraphs F and J of this Section, only to prevent deficiencies in the payment of the principal of and interest on the Series 2026 Bonds hereby authorized resulting from the failure to credit to the Debt Service Fund sufficient funds to pay the principal and interest as the same become due and payable. Cash amounts in the Reserve Fund which together with the amount of a Reserve Fund Insurance Policy, as applicable, in excess of the Minimum Reserve shall be withdrawn from the Reserve Fund and deposited into the Debt Service Fund (including investment income therefrom) and shall be used to pay the principal of or interest on the Series 2026 Bonds or any obligations refunding the Series 2026 Bonds.

(2) Any Reserve Fund Insurance Policy shall be held by the Paying Agent. In the event of a draw upon a Reserve Fund Insurance Policy, the Paying Agent shall deliver a demand for payment in substantially the form required by the Reserve Fund Insurance Policy issuer to be delivered to the Reserve Fund Insurance Policy issuer at least 3 days prior to the date on which the funds are required. In the event there is cash in the Reserve Fund at the time of a draw from a Reserve Fund Insurance Policy, such cash (including any investments) shall be drawn down completely before any demand is made on the Reserve Fund Insurance Policy. If the Reserve Fund contains reserve fund insurance policies from more than one Reserve Fund Insurance Policy issuer, any draw shall be on a pro-rata basis from such policies. After such a draw, any available Pledged Revenues, concurrently and on a parity with the payments in subparagraph (1) of this paragraph E, and the payments required to replenish the reserve fund for any additional Parity Obligations,

Parity Subordinate 0.50% MGRT Obligations, shall be used first to reimburse each Reserve Fund Insurance Policy issuer for such payment of principal of and interest on the Series 2026 Bonds pursuant to the terms of the applicable agreement so as to reinstate each Reserve Fund Insurance Policy and thereafter to replenish any cash in the Reserve Fund

F. Defraying Delinquencies in the Debt Service Fund and Reserve Fund. If, on any Interest Payment Date, the amount on deposit in the Debt Service Fund is insufficient to pay principal of and interest on the Series 2026 Bonds then due, then an amount shall be paid into the Debt Service Fund on such date from the Reserve Fund (if moneys are then on deposit in the Reserve Fund) equal to the amount of the insufficiency. The money deposited in the Debt Service Fund from the Reserve Fund, if any, shall be replaced in the Reserve Fund in 24 substantially equal monthly deposits commencing on the first day of the first month immediately succeeding the draw on the Reserve Fund. Such accumulation shall be made from the Pledged Revenues second and subordinate to the payments required by paragraph B of this Section. If, in any month, the City shall, for any reason, fail to pay into the Reserve Fund the full amount required, the difference between the amount paid and the amount so stipulated shall be paid therein from the first Pledged Revenues thereafter received and not required to be otherwise applied. The moneys in the Reserve Fund shall be used solely and only for the purpose of paying any deficiencies in the payment of the principal of and the interest on the Series 2026 Bonds; provided, however, that any moneys at any time in excess of the 2026 Minimum Reserve in the Reserve Fund may be withdrawn therefrom and applied to any other lawful purpose. Cash accumulated in the Reserve Fund shall not be invested in a manner which could cause the Series 2026 Bonds to become arbitrage bonds within the meaning of the Code. Any investments held in the Reserve Fund shall be valued annually, on or about June 1, at their current fair market value and, if the amount then on deposit in the Reserve Fund exceeds the 2026 Minimum Reserve, all amounts in excess of the 2026 Minimum Reserve shall be transferred to the Debt Service Fund and used to pay principal of and interest on the Series 2026 Bonds.

G. Payment of Additional Parity Obligations. Concurrently with the payment of the Pledged Revenues required by paragraph B, E, F and H of this Section, any amounts on deposit in the Pledged Revenue Funds shall be used by the City for the payment of principal of and interest on Parity Obligations, if any, currently outstanding or hereafter authorized to be issued and payable from the Pledged Revenues, as applicable, as the same accrue. If funds on deposit in the Pledged Revenue Funds are not sufficient to pay when due the required payments of principal of, interest on and debt service reserve fund deposits relating to the Series 2026 Bonds and any other outstanding Parity Obligations, then the available funds in the Pledged 0.3250% MGRT Revenue Fund and the Pledged 0.50% MGRT Revenue Fund (after payment of amounts due on the Senior 0.50% MGRT Obligations) will be used, first, on a pro rata basis, based on the amount of principal and interest then due with respect to each series of outstanding Parity Bonds, for the payment of principal of and interest on all series of outstanding Parity Bonds and, second, to the extent of remaining available funds in the Pledged Revenue Funds on a pro rata basis, based on the amount of debt service reserve fund deposits then required with respect to each series of outstanding Parity Obligations, for the required debt service reserve fund deposits for all series of outstanding Parity Obligations.

H. Payment of Parity Subordinate 0.50% MGRT Obligations. Concurrently with the payment of Pledged 0.50% MGRT Revenues required by paragraphs B, E, F, and G of this Section any amounts on deposit in the Pledged 0. 50% MGRT Revenue Fund shall be used by the City for the payment of principal of, interest on and debt service reserve fund deposits relating to additional Parity Subordinate 0.50% MGRT Obligations, if any, hereafter authorized to be issued and payable from the Pledged 0.50% MGRT Revenue Fund as the same accrued. If funds on deposit in the Pledged 0.50% MGRT Revenue Fund are not sufficient to pay when due the required payments of principal of, interest on and debt service reserve fund deposits relating to the Series 2026 Bonds and any other outstanding Parity Subordinate 0.50% MGRT Obligations, then the available funds in the Pledged 0.50% Revenue Fund after payment of the Senior 0.50% MGRT Revenue Obligations, will be used, first, on a pro rata basis, based on the amount of principal and interest then due with respect to each series of outstanding Subordinate 0.50% MGRT Bonds, for the payment of principal of and interest on all series of Parity Subordinate 0.50% MGRT Bonds, and second to the extent of remaining available funds in the Pledged 0.50% MGRT Revenue Fund, on a pro rata basis, based on the amount of debt service reserve fund deposits then required with respect to each series of outstanding Parity Subordinate 0.50% MGRT Obligations, for the required debt service reserve fund deposits for all series of outstanding Parity 0.50% MGRT Revenue Obligations

I. Termination Upon Deposits to Maturity. No payment shall be made into the Debt Service Fund or the Reserve Fund if the amount in such funds totals a sum at least equal to the entire aggregate amount due as to principal, premium, if any, and interest on the Series 2026 Bonds to their respective maturities or applicable redemption dates, in which case moneys in the Debt Service Fund and Reserve Fund in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same accrue, and any moneys in excess thereof in the Debt Service Fund and the Reserve Fund may be used as provided below.

J. Payment of Subordinate Lien Obligations. Subsequent to the payments required by paragraphs B, E, F, G, and H of this Section, any balance remaining in the Pledged Revenue Funds, after making the payments hereinabove provided shall be used by the City for the payment of interest on and the principal of additional bonds or other obligations hereafter authorized, if any, having a lien on any of the Pledged Revenues subordinate to the lien thereon of the Series 2026 Bonds, issued and payable from the Pledged Revenues, as the same become due. Payments with respect to principal, interest and reserve funds for any such subordinate lien obligations may be made at any intervals as may be provided in the ordinance or resolution authorizing such additional obligations.

Subsequent to the payments required by paragraphs B, E, F, G, and H of this Section, any balance remaining in the Pledged 0.50% MGRT Revenue Fund, after making the payments hereinabove provided shall be used by the City for the payment of interest on and the principal of outstanding super subordinate 0.50% MGRT Bonds or other obligations, if any, having a lien on any of the Pledged 0.50% MGRT Revenues subordinate to the lien thereon of the Parity Subordinate 0.50% MGRT Bonds (the "Super Subordinate 0.50% MGRT Bonds"), issued and payable from the Pledged 0.50% MGRT Revenues, as the same become due. Payments with respect to principal, interest and reserve funds for any such Super Subordinate 0.50% MGRT Bonds may be made at any intervals as may be provided in the ordinance or resolution authorizing such additional Super Subordinate 0.50% MGRT Bonds.

K. Use of Surplus Revenues. After making all the payments hereinabove required to be made by this Section, the remaining Pledged Revenues, if any, in the Pledged Revenue Funds may be applied to any other lawful purpose as the City may from time to time determine.

Section 18. General Administration of Funds. The funds designated in Section 16 shall be administered and invested as follows:

A. Places and Times of Deposits. The funds shall be separately maintained as a trust fund or funds for the purposes established and shall be invested by the City in Permitted Investments or deposited in one or more bank accounts in an Insured Bank or Banks. Each fund or account shall be continuously secured to the extent required by law and shall be irrevocable and not withdrawable by anyone for any purpose other than the designated purpose. Payments shall be made into the proper fund or account on the first day of the month except when the first day shall not be a Business Day, then payment shall be made on the next succeeding Business Day. No later than two Business Days prior to each Interest Payment Date, moneys sufficient to pay interest and principal then due on the Series 2026 Bonds shall be transferred to the Paying Agent. Nothing in this Bond Ordinance shall prevent the City from establishing one or more bank accounts in an Insured Bank or Banks for all the funds required by this Bond Ordinance or shall prevent the combination of such funds and accounts with any other bank account or accounts or investments for other funds and accounts of the City.

B. Investment of Moneys. Moneys in the 2026 Reserve Fund shall be invested in accordance with paragraph C of this Section 18, and moneys in any other fund or account not immediately needed may be invested in any investment permitted by the laws of the State or by the Charter. The obligations so purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund or account, and any loss resulting from such investment shall be charged to such fund or account. The City Treasurer shall present for redemption or sale on the prevailing market any obligations so purchased as an investment of moneys in the fund or account whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such fund.

C. Reserve Fund. Moneys, if any, in the 2026 Reserve Fund may be invested only in Permitted Investments with an average aggregate weighted term to maturity not greater than five years. The City shall annually on or about June 1 of each year, commencing on the first June 1 succeeding funding of the 2026 Reserve Fund, value the 2026 Reserve Fund on the basis of the current fair market value of deposits and investments credited to each of the 2026 Reserve Fund. If, upon any valuation, the value of the 2026 Reserve Fund exceeds the 2026 Minimum Reserve, the excess amount shall be withdrawn and deposited into the 2026 Debt Service Fund; if the value is less than the applicable requirement, the City shall replenish such amounts from the first Pledged Revenues thereafter received not required to be otherwise applied or other monies legally available therefor.

At such time as the Series 2026 Bonds are paid in full or are deemed to be paid in full, the amount on deposit in the 2026 Reserve Fund may be used to pay the final installments of principal and interest on the Series 2026 Bonds and otherwise may be withdrawn and transferred to the City to be used for any lawful purpose.

If moneys have been withdrawn from the 2026 Reserve Fund and deposited into the 2026 Debt Service Fund to prevent a default on the Series 2026 Bonds, then the City will pay, from Pledged Revenues or other monies legally available therefor, the full amount so withdrawn or so much as shall be required to restore the 2026 Reserve Fund to the 2026 Minimum Reserve. Such repayment shall be made as required by Section 17 of this Bond Ordinance.

Section 19. Lien on Pledged Revenues. The Pledged Revenues and the amounts and securities on deposit in 2026 Debt Service Fund and the 2026 Reserve Fund, if any, and the proceeds thereof, are hereby authorized to be pledged to, and are hereby pledged, and the City grants a security interest therein for, the payment of the principal of, premium, if any, and interest on the Series 2026 Bonds, subject to the uses thereof permitted by, and the priorities set forth in, this Bond Ordinance. The Series 2026 Bonds constitute an irrevocable and first lien, but not an exclusive first lien, on the Pledged 0.3250% MGRT Revenues and an irrevocable and subordinate lien, but not an exclusive subordinate lien, on the Pledged 0.50% MGRT Revenues as set forth herein.

Section 20. Additional Obligations Payable from Pledged Revenues.

A. Parity Obligations. No provision of the Bond Ordinance shall be construed in such a manner as to prevent the issuance by the City of additional Parity Obligations, nor to prevent the issuance of bonds or other obligations refunding all or a part of the Series 2026 Bonds; provided, however, that before any such additional Parity Obligations are actually issued (excluding refunding bonds or refunding obligations which refund Parity Obligations but including parity refunding bonds and obligations which refund subordinate obligations as provided in Sections 22 and 23 hereof), it must be determined that:

(1) The City is then current in all of the accumulations required to be made into the funds as provided in Section 17 of the Bond Ordinance; and

(2) No default shall exist in connection with any of the covenants or requirements of the Bond Ordinance; and

(3) Pledged Revenue Tests:

a. The Pledged Revenues received by the City for the Fiscal Year immediately preceding the date of the issuance of such additional Parity Obligations shall have been sufficient to pay an amount representing one hundred fifty percent (150%) of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on the then outstanding Bonds, Parity Obligations, the outstanding Senior 0.50% MGRT Obligations, the outstanding Parity Subordinate 0.50% Obligations, and the Parity Obligations proposed to be issued (excluding any reserves therefor) and,

b. For so long as any Senior 0.50% MGRT Bonds remain outstanding, the Pledged 0.50% MGRT Revenues received by the City for the Fiscal Year immediately preceding the date of the issuance of such additional Parity Obligations shall have been sufficient to pay an amount representing one hundred fifty percent (150%) of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on then then outstanding Bonds, the outstanding Parity Obligations, the outstanding Senior 0.50% MGRT Obligations, the outstanding Parity Subordinate 0.50% MGRT Obligations, and the Parity Obligations proposed to be issued (excluding any reserves therefor). If there are no outstanding Senior 0.50% MGRT Bonds outstanding at the time of issuance of the proposed Parity Obligations, the test set forth in the subparagraph (b) shall be inapplicable.

c. In making the computations required by this paragraph (3) to determine if Parity Obligations may be issued, Parity Obligations which bear a fluctuating interest rate shall be deemed to bear interest at the maximum rate of interest on the applicable bonds or other obligations permitted by the ordinance authorizing the issuance of such bonds or obligations.

B. Certificate or Opinion of Revenues. A written certificate or opinion by the City Finance Officer or an Independent Accountant that such annual Pledged Revenues are sufficient to pay such amounts shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver such additional bonds or other obligations on a parity with the Series 2026 Bonds herein authorized.

C. Subordinate Obligations Permitted. Nothing in this Bond Ordinance shall prevent the City from issuing bonds or other obligations payable from Pledged Revenues pledged by this Bond Ordinance and having a lien on any of the Pledged Revenues subordinate to the lien of the Series 2026 Bonds.

D. Superior Obligations Prohibited. The City shall not issue any obligation having a lien on any of the Pledged 0.3250% MGRT Revenues pledged by this Bond Ordinance which is prior and superior to the Series 2026 Bonds. The City may issue additional Senior 0.50% MGRT Bonds in conformance with the provisions of the ordinances authorizing the issuance of the outstanding Senior 0.50% MGRT Bonds.

Section 21. Additional Subordinate 0.50% MGRT Obligations Payable from Pledged 0.50% MGRT Revenues.

A. Parity Subordinate 0.50% MGRT Obligations. No provision of the Bond Ordinance shall be construed in such a manner as to prevent the issuance by the City of additional Parity Subordinate 0.50% MGRT Obligations; provided, however, so long as any Senior 0.50% MGRT Obligations remain outstanding, that before any such additional Parity Subordinate 0.50% MGRT Obligations are actually issued (excluding refunding bonds or refunding obligations which refund Parity Subordinate 0.50% MGRT Obligations but including parity subordinate refunding bonds and obligations which refund super subordinate 0.50% MGRT obligations as provided in Section 23 hereof), it must be determined that:

(1) The City is then current in all of the accumulations required to be made into the funds as provided in Section 17 of the Bond Ordinance; and

(2) No default shall exist in connection with any of the covenants or requirements of the Bond Ordinance; and

(3) The Pledged 0.50% MGRT Revenues received by the City for the Fiscal Year immediately preceding the date of the issuance of such additional Parity Subordinate 0.50% MGRT Obligations shall have been sufficient to pay an amount representing one hundred fifty percent (150%) of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on the then outstanding Bonds, the outstanding Parity Obligations, the outstanding Parity Subordinate 0.50% MGRT Bonds, the outstanding Senior 0.50% MGRT Obligations, and the Parity Subordinate 0.50% MGRT Obligations proposed to be issued (excluding any reserves therefor). In making the computations required by this paragraph to determine if Parity Subordinate 0.50% MGRT Obligations may be issued, Parity Subordinate 0.50% MGRT Obligations which bear a fluctuating interest rate shall be deemed to bear interest at the maximum rate of interest on the applicable bonds or other obligations permitted by the ordinance authorizing the issuance of such bonds or obligations.

B. Certificate or Opinion of Revenues. A written certificate or opinion by the City Finance Officer or an Independent Accountant that such annual Pledged 0.50% MGRT Revenues are sufficient to pay such amounts shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver such additional bonds or other obligations on a parity with the lien of the Series 2026 Bonds on the Pledged 0.50% MGRT Revenues herein authorized.

C. Super Subordinate Obligations Permitted. Nothing in this Bond Ordinance shall prevent the City from issuing Super Subordinate 0.50% MGRT Obligations by this Bond Ordinance and having a lien on any of the Pledged 0.50% MGRT Revenues subordinate to the lien of the Series 2026 Bonds.

D. Superior Obligations. The City shall may issue additional Senior 0.50% MGRT Bonds having a lien the Pledged 0.50% MGRT Revenues pledged by this Bond Ordinance which is prior and superior to the Series 2026 Bonds in conformance with the ordinances authorizing the issuance of the Senior 0.50% MGRT Bonds. If at the time of issuance of any proposed additional Parity Subordinate 0.50% MGRT Bonds, there are no outstanding Senior 0.50% MGRT Bonds, the tests outlined in this Section 21 for the issuance of additional Parity Subordinate 0.50% MGRT Bonds shall be of no further force or effect.

Section 22. Refunding Bonds Payable from Pledged 0.3250% MGRT Revenues and Pledged 0.50% MGRT Revenues. The provisions of Section 20 hereof are subject to the following exceptions:

A. Privilege of Issuing Refunding Obligations. If at any time after the Series 2026 Bonds, or any part thereof, shall have been issued and remain outstanding, the City shall find it desirable to refund any outstanding bonds or other outstanding obligations payable from the Pledged Revenues, such bond or other obligations, or any part thereof, may be refunded (but the holders of bonds to be refunded may not be compelled to surrender their bonds, unless the bonds or other obligations, at the time of their required surrender for payment, shall then mature, or shall then be callable for prior redemption at the City's option), regardless of whether the priority of the lien for the payment of the refunding obligations on the Pledged Revenues is changed, except as provided in subparagraph D of Sections 20 and 21 hereof and in subparagraphs B and C of this Section.

B. Limitations Upon Issuance of Parity Refunding Obligations. No refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued on a parity with the Series 2026 Bonds herein authorized, unless:

(1) The outstanding obligations so refunded are Parity Obligations and the refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest obligations evidenced by such refunded obligations; or

(2) The refunding bonds or other refunding obligations are issued in compliance with Section 20 hereof.

C. Refunding Part of an Issue. The refunding bonds or other obligations so issued shall enjoy complete equality of lien on the Pledged Revenues with the portion of any bonds or other obligations of the same issue which is not refunded, if any; and the holder or holders of such refunding bonds or such other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the holder or holders of the bonds or other obligations of the same issue refunded thereby. If only a part of the outstanding bonds and any other outstanding obligations of any issue or issues payable from the Pledged Revenues is refunded, then such obligations may not be refunded without the consent of the holder or holders of the unrefunded portion of such obligations, unless:

(1) The refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest obligations evidenced by such refunded obligations and by the outstanding obligations not refunded on and prior to the last maturity date of such unrefunded obligations; or

(2) The refunding bonds or other refunding obligations are issued in compliance with Section 20 hereof; or

(3) The lien on the Pledged Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any obligations not refunded.

D. Limitations Upon Issuance of Refunding Obligations. Any refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued with such details as the City may provide by ordinance, but without any impairment of any contractual obligations imposed upon the City by any proceedings authorizing the issuance of any unrefunded portion of such outstanding obligations of any one or more issues (including, but not necessarily limited to, the Series 2026 Bonds).

Section 23. Refunding Bonds Payable from Pledged 0.50% MGRT Revenues. The provisions of Section 21 hereof are subject to the following exceptions:

A. Privilege of Issuing Refunding Obligations. If at any time after the Series 2026 Bonds, or any part thereof, shall have been issued and remain outstanding, the City shall find it desirable to refund any outstanding bonds or other outstanding obligations payable from the Pledged 0.50% MGRT Revenues, such bond or other obligations, or any part thereof, may be refunded (but the holders of bonds to be refunded may not be compelled to surrender their bonds, unless the bonds or other obligations, at the time of their required surrender for payment, shall then mature, or shall then be callable for prior redemption at the City's option), regardless of whether the priority of the lien for the payment of the refunding obligations on the Pledged Revenues is changed, except as provided in subparagraph D of Section 21 hereof and in subparagraphs B and C of this Section.

B. Limitations Upon Issuance of Parity Subordinate 0.50% MGRT Refunding Obligations. No refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued on a parity with the Series 2026 Bonds herein authorized, unless:

(1) The outstanding obligations so refunded are Parity Subordinate 0.50% MGRT Obligations and the refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest obligations evidenced by such refunded obligations; or

(2) The refunding bonds or other refunding obligations are issued in compliance with Section 21 hereof.

C. Refunding Part of an Issue. The refunding bonds or other obligations so issued shall enjoy complete equality of lien on the Pledged 0.50% MGRT Revenues with the portion of any bonds or other obligations of the same issue which is not refunded, if any; and the holder or holders of such refunding bonds or such other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the holder or holders of the bonds or other obligations of the same issue refunded thereby. If only a part of the outstanding bonds and any other outstanding obligations of any issue or issues payable from the Pledged 0.50% MGRT Revenues is refunded, then such obligations may not be refunded without the consent of the holder or holders of the unrefunded portion of such obligations, unless:

(1) The refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest obligations evidenced by such refunded obligations and by the outstanding obligations not refunded on and prior to the last maturity date of such unrefunded obligations; or

(2) The refunding bonds or other refunding obligations are issued in compliance with Section 21 hereof; or

(3) The lien on the Pledged 0.50% MGRT Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any obligations not refunded.

D. Limitations Upon Issuance of Refunding Obligations. Any refunding bonds or other refunding obligations payable from the Pledged 0.50% MGRT Revenues shall be issued with such details as the City may provide by ordinance, but without any impairment of any contractual obligations imposed upon the City by any proceedings authorizing the issuance of any unrefunded portion of such outstanding obligations of any one or more issues (including, but not necessarily limited to, the Series 2026 Bonds).

Section 24. Equality of Parity Bonds.

A. The Parity Bonds from time to time outstanding shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of their issuance or the date incurred, it being the intention of the City Council that, except as set forth herein, there shall be no priority among the Parity Bonds regardless of whether they are actually issued and delivered or incurred at different times.

B. The Parity Subordinate 0.50% MGRT Bonds from time to time outstanding shall not be entitled to any priority one over the other in the application of the Pledged 0.50% MGRT Revenues, regardless of the time or times of their issuance or the date incurred, it being the intention of the City Council that, except as set forth herein, there shall be no priority among the Parity Subordinate 0.50% MGRT Bonds regardless of whether they are actually issued and delivered or incurred at different times.

Section 25. Protective Covenants. The City hereby covenants and agrees with each and every holder of the Series 2026 Bonds issued hereunder:

A. Use of Bond Proceeds. The City will proceed without delay to apply the proceeds of the Series 2026 Bonds as set forth in Section 15 of this Bond Ordinance.

B. Payment of Bonds Herein Authorized. The City will promptly pay the principal of and the interest on every Series 2026 Bond at the place, on the date and in the manner specified herein and in the Series 2026 Bonds according to the true intent and meaning hereof.

C. City's Existence. The City will maintain its corporate identity and existence so long as any of the Series 2026 Bonds remain outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the City, without adversely affecting to any substantial degree the privileges and rights of any owner of the Series 2026 Bonds.

D. Extension of Interest Payments. In order to prevent any accumulation of claims for interest after maturity, the City will not directly or indirectly extend or assent to the extension of time for the payment of any claim for interest on any of the Series 2026 Bonds, and the City will not directly or indirectly be a party to or approve any arrangements for any such extension.

E. Records. So long as any of the Series 2026 Bonds remain outstanding, proper books of record and account will be kept by the City, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues.

F. Audits and Budgets. The City will, within two hundred and seventy (270) days following the close of each Fiscal Year, cause an audit of its books and accounts relating to the Pledged Revenues to be commenced by an Independent Accountant showing the receipts and disbursements in connection with such revenues.

G. Other Liens. Other than as described and identified by this Bond Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the Pledged Revenues.

H. Impairment of Contract. The City agrees that any law, ordinance or resolution of the City that in any manner affects the Pledged Revenues or the Series 2026 Bonds shall not be repealed or otherwise directly or indirectly modified, in such a manner as to impair adversely any Bonds outstanding, unless such Bonds have been discharged in full or provision has been fully made therefor or unless the required consents of the holders of the then outstanding Bonds are obtained pursuant to Section 30 of this Bond Ordinance.

I. Debt Service Fund and Reserve Fund. The 2026 Debt Service Fund and the 2026 Reserve Fund shall be used solely and only, and those funds are hereby pledged, for the purposes set forth in this Bond Ordinance.

J. Surety Bonds. Each municipal official and employee being responsible for receiving Pledged Revenues shall be bonded at all times, which bond shall be conditioned upon the proper application of such funds.

K. Performing Duties. The City will faithfully and punctually perform all duties with respect to the Series 2026 Bonds required by the Constitution and laws of the State of New Mexico and the ordinances and resolutions of the City relating to the Series 2026 Bonds.

L. Tax Covenants. The City covenants that it will restrict the use of the proceeds of the Series 2026 Bonds in such manner and to such extent, if any, as may be necessary so that the Series 2026 Bonds will not constitute arbitrage bonds under Section 148 of the Code. The Mayor, Mayor Pro Tem and other officers of the City having responsibility for the issuance of the Series 2026 Bonds shall give an appropriate certificate of the City, for inclusion in the transcript of proceedings for the Series 2026 Bonds, setting forth the reasonable expectations of the City regarding the amount and use of all the proceeds of the Series 2026 Bonds, the facts, circumstances and estimates on which they are based, other facts and circumstances relevant to the tax treatment of interest on the Series 2026 Bonds, and making related covenants.

The City covenants that it (a) will take or cause to be taken such actions which may be required of it for the interest on the Series 2026 Bonds to be and remain excluded from gross income for federal income tax purposes, and (b) will not take or permit to be taken any actions which would adversely affect that exclusion, and that it or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Series 2026 Bonds to the governmental purpose of the borrowing, (ii) restrict the yield on investment property, (iii) make timely and adequate rebate payments, yield reduction payments or payments of alternative amounts in lieu of rebate to the federal government, if required, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. The Mayor, Mayor Pro Tem and other appropriate officers are hereby authorized and directed to take any and all actions, make calculations and rebate payments, and make or give reports and certifications, if any, as may be required or appropriate to assure such exclusion of that interest.

In furtherance of the covenants set forth above, the City hereby establishes a fund separate from any other funds established and maintained hereunder designated as the Rebate Fund (the "Rebate Fund"). Money and investments in the Rebate Fund shall not be used for the payment of the Series 2026 Bonds, and amounts credited to the Rebate Fund shall be free and clear under any pledge under this Bond Ordinance. Money in the Rebate Fund shall be invested in a manner provided in Section 18 for investment of money, and all amounts on deposit in the Rebate Fund shall be held by the City, or a designated trustee, in trust, to the extent required to pay rebatable arbitrage to the United States of America. The City shall unconditionally be entitled to accept and rely upon the recommendation, advice, calculation and opinion of an accounting firm or other person or firm with knowledge of or experience in advising with respect to the provisions of the Code relating to rebatable arbitrage. The City shall remit all rebate installments and the final rebate payment to the United States of America as required by the provisions of the Code. Any moneys remaining in the Rebate Fund after redemption and payment of all the Series 2026 Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and remitted to the City.

Section 26. Preliminary Official Statement and Continuing Disclosure Undertaking.

A. Preliminary Official Statement. If required by the Purchaser, the preparation of the Preliminary Official Statement is hereby requested and approved for use distribution and use in connection with the sale of the Series 2026 Bonds; provided, that the foregoing shall not be applicable in the event that the Series 2026 Bonds are purchased pursuant to a private placement for which the Preliminary Official Statement is not required.

B. Continuing Disclosure Undertaking; Disclosures to Finance Authority. If required by the Purchaser, the officers of the City are authorized to sign such documents and to take such actions in the future with respect to the City's continuing disclosure obligations as are necessary or desirable to comply with the Continuing Disclosure Undertaking and the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended; provided, that the foregoing shall not be applicable in the event that the Series 2026 Bonds are purchased pursuant to a private placement for which the Continuing Disclosure Undertaking is not required. Notwithstanding any other provisions of this Bond Ordinance, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered an “event of default” under Section 25 hereof, and holders and beneficial owners of Bonds shall be entitled to exercise only such rights with respect thereto as are provided in the Continuing Disclosure Undertaking.

If the Finance Authority is the purchaser of the Series 2026 Bonds, for so long as the Finance Authority is the holder of the Series 2026 Bonds, the City shall provide such disclosure and notifications as required by the Finance Authority for the purchase of the Series 2026 Bonds and as set forth in the Pricing Certificate. Failure of the City to comply with the disclosure obligations to the Finance Authority shall not be considered an “event of default” under Section 25 hereof, and the Finance Authority shall only be entitled to specific performance in the exercise of its rights to receive such disclosure.

Section 27. Events of Default. Each of the following events is hereby declared an “event of default”:

A. Nonpayment of Principal. Failure to pay the principal of any of the Series 2026 Bonds when the same becomes due and payable, either at maturity, or by proceedings for redemption, or otherwise.

B. Nonpayment of Interest. Failure to pay any installment of interest when the same becomes due and payable.

C. Incapable of Performing. If the City shall for any reason be rendered incapable of fulfilling its obligations hereunder.

D. Default of any Provision. Default by the City in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Series 2026 Bonds or in this Bond Ordinance on its part to be performed (other than a default set forth in subparagraphs A and B of this Section), and the continuance of such default for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the City by the holders of twenty-five percent (25%) in aggregate principal amount of the Series 2026 Bonds then outstanding.

E. Bankruptcy. The City (i) files a petition or application seeking reorganization or arrangement of debt under Federal Bankruptcy law, or other debtor relief under the laws of any jurisdiction, or (ii) is the subject of such petition or application which the City does not contest or is not dismissed or discharged within sixty (60) days.

Section 28. Remedies Upon Default. Upon the happening and continuance of any of the events of default as provided in Section 27 of this Bond Ordinance, then and in every case, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Series 2026 Bonds then outstanding, including, but not limited to, a trustee or trustees therefor, may proceed against the City, the City Council and its agents, officers and employees, but only in their official capacities, to protect and enforce the rights of any holder of Bonds under this Bond Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award relating to the execution of any power herein granted for the enforcement of any legal or equitable remedy as such holder or holders may deem most effectual to protect and enforce the rights provided above, or to enjoin any act or thing which may be unlawful or in violation of any right of any Bondholder, or to require the City Council to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the Series 2026 Bonds then outstanding. The failure of any Bondholder so to proceed shall not relieve the City or any of its officers, agents or employees of any responsibility for failure to perform, in their official capacities, any duty. Each right or privilege of such holder (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege.

Section 29. Duties Upon Default. Upon the happening of any of the events of default provided in Section 27 of this Bond Ordinance, the City, in addition, will do and perform all proper acts on behalf of and for the owners of the Series 2026 Bonds to protect and preserve the security created for the payment of the Series 2026 Bonds and to insure the payment of the principal of and interest on the Series 2026 Bonds promptly as the same become due. All proceeds derived therefrom, so long as any of the Series 2026 Bonds, either as to principal or interest, are outstanding and unpaid, shall be applied as set forth in Section 17 of this Bond Ordinance. In the event the City fails or refuses to proceed as provided in this Section, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Series 2026 Bonds then outstanding, after demand in writing, may proceed to protect and enforce the rights of the owners of the Series 2026 Bonds as hereinabove provided.

Section 30. Bonds Not Presented When Due. If any Bonds shall not be duly presented for payment when due at maturity or on the redemption date thereof, and if moneys sufficient to pay such Bonds are on deposit with the Paying Agent for the benefit of the owners of such Bonds, all liability of the City to such owners for the payments of such Bonds shall be completely discharged, such Bonds shall not be deemed to be outstanding and it shall be the duty of the Paying Agent to segregate and to hold such moneys in trust, without liability for interest thereon, for the benefit of the owners of such Bonds as may be provided in any agreement hereafter entered into between the Paying Agent and an officer of the City.

Section 31. Delegated Powers; Authority to Make Budget Adjustments. The officers of the City are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Bond Ordinance, including, without limiting the generality of the foregoing, the publication of the title and general summary of the Bond Ordinance set out in Section 38 (with such changes, additions and deletions as they may determine), the printing of the Series 2026 Bonds, the preparation, printing, execution and distribution of the Preliminary Official Statement and final Official Statement, and the execution of the Continuing Disclosure Undertaking, Intercept Agreement, and of such documents or certificates as may be required by the Purchaser or bond counsel. The officers of the City are hereby authorized and directed to take all action necessary to make the budget adjustments needed to reflect the Bond proceeds.

Section 32. Amendment of Bond Ordinance. This Bond Ordinance may be amended without the consent of the holder of any Bond to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained herein. Prior to the date of the initial delivery of the Series 2026 Bonds to the Purchaser, the provisions of this Bond Ordinance may be amended with the written consent of the Purchaser, with respect to any changes which are not inconsistent with the substantive provisions of this Bond Ordinance. In addition, this Bond Ordinance may be amended without receipt by the City of any additional consideration, but with the written consent of the holders of seventy-five percent (75%) of the Series 2026 Bonds then outstanding (not including Bonds which may be held for the account of the City); but no ordinance adopted without the written consent of the holders of all outstanding Bonds shall have the effect of permitting:

A. An extension of the maturity of any Bond; or

B. A reduction of the principal amount or interest rate of any Bond; or

C. The creation of a lien upon the Pledged Revenues ranking prior to the lien or pledge created by this Bond Ordinance; or

D. A reduction of the principal amount of Bonds required for consent to such amendatory ordinance; or

E. The establishment of priorities as between Bonds issued and outstanding under the provisions of this Bond Ordinance; or

F. The modification of or otherwise affecting the rights of the holders of less than all the outstanding Bonds.

Section 33. Defeasance. When all principal and interest in connection with the Series 2026 Bonds hereby authorized have been duly paid, the pledge and lien on the Pledged Revenues for the payment of the Series 2026 Bonds shall thereby be discharged and the Series 2026 Bonds shall no longer be deemed to be outstanding within the meaning of this Bond Ordinance. Payment shall be deemed made with respect to any Bond or Bonds when the City has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Defeasance Obligations, as defined below) to meet all requirements of principal and interest as the same become due to their final maturities or upon designated redemption dates. Any Defeasance Obligations shall become due when needed in accordance with a schedule agreed upon between the City and such bank at the time of the creation of the escrow. Defeasance Obligations within the meaning of this Section shall include only (1) cash, (2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – “SLGs”), and (3) obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

Section 34. Bond Ordinance Irrepealable. After any of the Series 2026 Bonds are issued, this Bond Ordinance shall be and remain irrepealable until the Series 2026 Bonds and the interest thereon shall be fully paid, canceled and discharged, as herein provided, or there has been defeasance of the Series 2026 Bonds as herein provided.

Section 35. Severability Clause. If any Section, paragraph, clause or provision of this Bond Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Ordinance.

Section 36. Repealer Clause. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 37. Effective Date. Upon due adoption of this Bond Ordinance, it shall be recorded in the book of ordinances of the City kept for that purpose, authenticated by the signatures of the Mayor or Mayor Pro Tem and City Clerk, and the title and general summary of the subject matter contained in this Bond Ordinance (set out in Section 38 below) shall be published in a newspaper which maintains an office and is of general circulation in the City and this Bond Ordinance shall be in full force and effect in accordance with law.

Section 38. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Bond Ordinance shall be published in substantially the following form:

(Form of Summary of Ordinance for Publication)

City of Las Cruces, New Mexico

Notice of Adoption of Ordinance

Notice is hereby given of the title and of a general summary of the subject matter contained in an ordinance duly adopted and approved by the City Council of the City of Las Cruces, New Mexico, on June 15, 2026, relating to the authorization and issuance of the City’s Gross Receipts Tax Improvement Revenue Bonds, Series 2026. Complete copies of the Ordinance are available for public inspection during the normal and regular business hours of the City Clerk, Las Cruces City Hall, 700 North Main Street Las Cruces, New Mexico.

The title of the Ordinance is:

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF LAS CRUCES, NEW MEXICO GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS, SERIES 2026 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $22,150,000 FOR THE PURPOSE OF (1) PLANNING, DESIGNING, CONSTRUCTING, PURCHASING, FURNISHING, EQUIPPING, REHABILITATING, MAKING ADDITIONS TO OR MAKING IMPROVEMENTS TO PUBLIC BUILDINGS AND FACILITIES, INCLUDING THE ACQUISITION OF LAND THEREFORE; (2) CONSTRUCTING, RECONSTRUCTING, RESURFACING, MAINTAINING, REPAIRING OR OTHERWISE IMPROVING STREETS OR ROADWAYS AND CONSTRUCTING DRAINAGE IMPROVEMENTS; (3) ACQUIRING AND EQUIPPING PUBLIC SAFETY VEHICLES; (4) FUNDING THE RESERVE FUND FOR THE SERIES 2026 BONDS; AND (5) PAYING THE EXPENSES RELATED TO THE

ISSUANCE OF THE SERIES 2026 BONDS; PROVIDING THAT THE SERIES 2026 BONDS WILL BE PAYABLE AND COLLECTIBLE FROM THE REVENUES DERIVED FROM (1) A FIRST LIEN, BUT NOT AN EXCLUSIVE FIRST LIEN, ON THE 0.3250% MUNICIPAL GROSS RECEIPTS TAX IMPOSED PURSUANT TO ORDINANCE NO. 3072 AND (2) A SUBORDINATE LIEN, BUT NOT AN EXCLUSIVE SUBORDINATE LIEN, ON THE 0.50% MUNICIPAL GROSS RECEIPTS TAX REVENUES IMPOSED PURSUANT TO ORDINANCE NOS. 385 AND 427, ; DELEGATING AUTHORITY TO THE CITY MANAGER AND CITY FINANCIAL SERVICES DIRECTOR TO EXECUTE AND DELIVER A PRICING CERTIFICATE AND BOND PURCHASE AGREEMENT FOR THE SALE OF THE SERIES 2026 BONDS TO THE PURCHASER.

A general summary of the Ordinance is:

The Ordinance authorizes the issuance and sale of the City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026, in an aggregate principal amount not to exceed $22,150,000 for the purpose of (1) planning, designing, constructing, purchasing, furnishing, equipping, rehabilitating, making additions to or making improvements to public buildings and facilities, including the acquisition of land therefore, including, but not limited to recreational facilities, library facilities, public safety facilities; (2) constructing, reconstructing, resurfacing, maintaining, repairing or otherwise improving streets or roadways and constructing drainage improvements, including the acquisition of rights of way necessary therefore; (3) acquiring and equipping public safety vehicles; (4) funding the Reserve Fund for the Series 2026 Bonds, if required by the Purchaser; and (5) paying the Expenses related to the issuance of the Series 2026 Bonds; provides that the Series 2026 Bonds will be payable and collectible from a first lien, but not an exclusive first lien, on the revenues derived from the 0.3250% municipal gross receipts tax revenues of the City imposed pursuant to Ordinance No. 3072 and a subordinate lien, but not an exclusive subordinate lien, on the 0.50% municipal gross receipts tax imposed pursuant to Ordinance Nos. 385 and 427; provides that the maturity dates, interest rates, redemption provisions and other details of the Series 2026 Bonds will be as established in the Pricing Certificate, and delegates authority to the City Manager or City Financial Services Director to execute and deliver the Pricing Certificate; provides a form of the Series 2026 Bonds; approves preparation, execution and delivery of certain documents relating to the Series 2026 Bonds; makes covenants for the benefit of owners of the Series 2026 Bonds; ratifies action previously taken in connection with the Series 2026 Bonds; and repeals all action in conflict with the Ordinance.

This notice constitutes compliance with § 6-14-6 N.M.S.A. 1978.
(End of Form of Summary for Publication)

(II)

THAT City staff is hereby authorized to do all deeds as necessary in the accomplishment of the herein above.

STATE OF NEW MEXICO)
COUNTY OF DOÑA ANA) ss.
CITY OF LAS CRUCES)

I, Christine Rivera, the duly acting and qualified City Clerk of the City of Las Cruces, New Mexico (the “Governmental Unit”), do hereby certify:

1.The foregoing pages are a true, perfect, and complete copy of the record of the proceedings of the City Council (the “Governing Body”), constituting the governing body of the City had and taken at a duly called regular meeting held at the Municipal Offices, 700 North Main Street, Las Cruces, New Mexico, on June 15, 2026, at the hour of 1:00 p.m., insofar as the same relate to the issuance and delivery of the Series 2026 Bonds, a copy of each of which is set forth in the official records of the proceedings of the Governing Body kept in my office. None of the action taken has been rescinded, repealed, or modified.

2.Such proceedings were duly had and taken as therein shown, the meeting therein was duly held, and the persons therein named were present at such meeting, as therein shown.

3.Notice of such meeting was given in compliance with the permitted methods of giving notice of regular meetings of the Governing Body as required by the City’s open meetings standards presently in effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of June, 2026.

CITY OF LAS CRUCES, NEW MEXICO

Christine Rivera, City Clerk

DONE AND APPROVED this day of

APPROVED

____

ATTEST:

____

Moved by:

Seconded by:

AYES

NAYS

[$22,150,000]
CITY OF LAS CRUCES, NEW MEXICO
GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS
SERIES 2026
(PPRF-____)

INTERCEPT AGREEMENT

This INTERCEPT AGREEMENT is made and entered into September __, 2026, by and between the NEW MEXICO FINANCE AUTHORITY (the "Finance Authority"), a public body politic and corporate constituting a governmental instrumentality separate and apart from the State of New Mexico (the "State") under the laws of the State and the CITY OF LAS CRUCES, NEW MEXICO, a political subdivision duly organized and existing under the laws of the State (the "Governmental Unit").

W I T N E S S E T H:

WHEREAS, Sections 6-21-1 through 6-21-31, NMSA 1978, as amended, authorized the creation of the Finance Authority within the State to assist in financing the cost of public projects of participating qualified entities, including the Governmental Unit, such as the issuance of the $________City of Las Cruces, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026 (the "Bonds") for (1) planning, designing, constructing, purchasing, furnishing, equipping, rehabilitating, making additions to or making improvements to public buildings and facilities, including the acquisition of land therefore, including, but not limited to recreational facilities, library facilities, public safety facilities; (2) constructing, reconstructing, resurfacing, repairing or otherwise improving streets or roadways and constructing drainage improvements, including the acquisition of rights of way necessary therefore; (3) acquiring and equipping public safety vehicles; (4) funding the Reserve Fund for the Series 2026 Bonds, if required by the Purchaser; and (5) paying the Expenses related to the issuance of the Series 2026 Bonds (the "Project"); and

WHEREAS, the Governmental Unit has authorized the Bonds through the adoption by the City Council of the Governmental Unit of Ordinance No. 3110 on June 15, 2026, as supplemented and amended by the Pricing Certificate executed on ______, 2026 (collectively, the "Ordinance"), and Section 3-31-1 through 3-31-12, NMSA 1978, as amended (the "Governmental Unit Act"); and

WHEREAS, pursuant to Sections 6-21-1 through 6-21-31, NMSA 1978, as amended (the "Act"), the Finance Authority and the Governmental Unit are authorized to enter into agreements to purchase and sell the Bonds and to facilitate the financing of the Project as described in the Bond Purchase Agreement by and between the Finance Authority and the Governmental Unit of even date herewith (the "Bond Purchase Agreement"); and

WHEREAS, the Governmental Unit desires to acquire the Project and such acquisition is permitted under the Governmental Unit Act; and

WHEREAS, the Finance Authority has established its Loan Program (the "Program") funded by its public project revolving fund (as defined in the Act) for the financing of infrastructure and equipment projects upon the execution of the Bond Purchase Agreement and the assignment of bonds to a trustee (the "Trustee"); and

WHEREAS, the Finance Authority has agreed to purchase the Bonds from the Governmental Unit for the purpose of financing the acquisition of the Project, which bond purchase is to be governed by this Intercept Agreement, the Bond Purchase Agreement and the Ordinance; and

WHEREAS, the Act confers upon the Finance Authority the authority to purchase the Bonds from the Governmental Unit to finance the Project, and Sections 7-1-6.4 and 7-1-6.15, NMSA 1978, as amended, authorizes the Governmental Unit to direct that its distribution of the Pledged Revenues from the State Taxation and Revenue Department (the "Distributing State Agency") be paid to the Finance Authority or its assignee, to secure payments under the Bond Purchase Agreement; and

WHEREAS, the Governmental Unit is authorized to direct that its distribution of the "Pledged Revenues" which consist of the (1) senior lien, but not an exclusive senior lien, on the revenues derived from the municipal gross receipts tax imposed on all persons engaging in business in the City pursuant to Section 7-19D-9 NMSA 1978 and the Ordinance No. 3072, Council Bill 25-001 and distributed to the City pursuant to Sections 7-1-6.1 and 7-1-6.12 NMSA 1978 in the total amount of 0.3250% of the gross receipts of a person engaging in business in the City, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, and after any disbursements for tax credits, refunds, payments of interest and administrative costs and fees, which net revenues are pledged to the payment of the Bonds; [and (2) a subordinate lien, but not an exclusive subordinate lien, on the revenues derived from two one-quarter percent increments of municipal gross receipts taxes imposed pursuant to City Ordinance No. 385 adopted by the City Council on July 6, 1981 with an effective date of January 1, 1982, and (ii) City Ordinance No. 427 adopted by the City Council on June 7, 1982 with an effective date of January 1, 1983, pursuant to Sections 7-19D-1 et. seq. NMSA 1978, (a) which taxes equal a combined 0.50% of the gross receipts reported or required to be reported by persons engaging in business in the City subject to the exemptions specified in Section 7-19D-5 NMSA 1978 and as required by Section 7-19D-4 NMSA 1978, (b) which amounts are dedicated to general fund purposes and (c) which amounts are collected pursuant to Section 7-19D-7 NMSA 1978 and remitted to the City monthly by the Revenue Division of the Taxation and Revenue Department of the State of New Mexico pursuant to Sections 7-1-6.1 and 7-1-6.12 NMSA 1978, as amended, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, as amended, less any deduction for administrative costs withheld pursuant to Section 7-1-6.41 NMSA 1978]. The City is not pledging and the term "Pledged Revenues" does not include any gross receipts tax income received pursuant to any other statutes or ordinances, or any amounts derived from sources other than as described in the Ordinance; and provided further, the Governmental Unit intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Ordinance.

NOW THEREFORE, the parties hereto agree:

Unless otherwise defined in this Intercept Agreement and except where the context by clear implication otherwise requires, capitalized terms used in this Intercept Agreement shall have for all purposes of this Intercept Agreement the meanings assigned thereto in the Bond Purchase Agreement, the Ordinance and the Indenture, as defined in the Bond Purchase Agreement.

Section 1. Authorization to the Finance Authority. The Governmental Unit hereby recognizes that the Finance Authority has purchased the Bonds to finance the acquisition of the Project. Pursuant to this Intercept Agreement, the Governmental Unit shall directly make timely payment of all principal of and interest on the Bonds to the Finance Authority. In the event that the Governmental Unit fails to make timely payment of principal of and interest on the Bonds to the Finance Authority, the Governmental Unit agrees that all payments due on the Bonds from the Pledged Revenues shall be paid by the Distributing State Agency to the Finance Authority or its designee, on behalf of the Governmental Unit, from scheduled distributions of the Pledged Revenues in accordance with the Intercept Schedule attached hereto as Exhibit "A" (the "Intercept Schedule").

This Intercept Agreement shall be deemed a written certification, authorization and request by the Governmental Unit to the Distributing State Agency to pay to the Finance Authority, on behalf of the Governmental Unit, sums shown on the Intercept Schedule from distributions of the Pledged Revenues pursuant to Sections 7-1-6.13 and 7-1-6.15, NMSA 1978, as amended, to ensure compliance with the Bond Purchase Agreement and payment of the Bonds. Upon written notice to the Distributing State Agency from the Finance Authority, the amount of the Pledged Revenues to be paid to the Finance Authority shall be increased from the amounts shown on Exhibit "A" to defray any delinquencies in the Finance Authority Debt Service Account or Reserve Fund, if any, established for the Governmental Unit. Any accumulation of the Pledged Revenues in an amount in excess of the next Bond Payment and the Reserve Account requirement shall be redirected by the Finance Authority to the benefit of the Governmental Unit on a timely basis.

To the extent applicable and to the extent that the Pledged Revenues are insufficient to meet the debt service requirements due on the Bonds and (a) Senior 0.50% MGRT Bonds, now outstanding or hereafter incurred, Pledged 0.50% MGRT Revenues shall be applied first to the payment of Senior 0.50% MGRT Bonds, and then on a pro-rata basis to the Bonds and other Subordinate 0.50% MGRT Bonds (b) Parity Bonds now or hereafter issued or incurred, the amounts intercepted under this Intercept Agreement shall be applied to allow partial payment on a pro-rata basis of the debt service due and owing on the Bonds and other Parity Bonds. If the Governmental Unit fails to pay the Bond Payments when due, then prior to the commencement of the interception of the Pledged Revenues, Governmental Unit must provide the Finance Authority written notice of any Parity Bonds or subordinate obligations payable from the Pledged Revenues then outstanding and any Parity Bonds issued during the time that the Distributing State Agency is intercepting the Pledged Revenues to ensure that Pledged Revenues are applied in accordance with the lien status of the outstanding obligations payable from the Pledged Revenues.

Section 2. Term; Amendments. This Intercept Agreement will remain in full force and effect from its effective date as herein provided until such time as the Bonds and this

Intercept Agreement have been paid in full. Nothing herein shall be deemed in any way to limit or restrict the Governmental Unit from issuing its own obligations, providing its own program or participating in any other program for the financing of public projects which the Governmental Unit may choose to finance. This Intercept Agreement may be amended only by written instrument signed by the parties hereto.

Section 3. Authorization**.** The execution and performance of the terms of this Intercept Agreement have been authorized and approved by the Ordinance, which Ordinance is in full force and effect on the date hereof.

Section 4. Severability of Invalid Provisions. If any one or more of the provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such provision shall be null and void and shall be deemed separable from the remaining provisions and shall in no way affect the validity of any of the other provisions hereof.

Section 5. Counterparts**.** This Intercept Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6. Further Authorization. The Governmental Unit agrees that the Finance Authority shall do all things necessary or convenient to the implementation of the Program to facilitate the purchase of the Bonds from the Governmental Unit pursuant to the terms of the Bond Purchase Agreement.

Section 7. Effective Date. This Intercept Agreement shall take effect on the Closing Date of the Bonds.

Section 8. Initial Intercept Date. As indicated on the Intercept Schedule, the first distribution of the Pledged Revenues that is to be intercepted by the Distributing State Agency under the terms of this Intercept Agreement consist of Pledged Revenues due to the Governmental Unit distributed in [__________].

Section 9. Final Intercept Date**.** Once the Bonds have been fully paid off and satisfied, the Finance Authority shall provide written notice to the Distributing State Agency to discontinue the interception of the Governmental Unit's Pledged Revenues.

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IN WITNESS WHEREOF, the parties to this Intercept Agreement have caused their names to be affixed hereto by the proper officers thereof as of the date first above written.

NEW MEXICO FINANCE AUTHORITY

By: ____________________________________
Marquita D. Russel, Chief Executive Officer

CITY OF LAS CRUCES, NEW MEXICO

By: ____________________________________
Eric Enriquez, Mayor

(SEAL)

Attest:

By: ____________________________________
Christine Rivera, City Clerk

Acknowledged:

By: ____________________________________
State Taxation and Revenue Department

Date: ___________________________

EXHIBIT "A"

INTERCEPT SCHEDULE
CITY OF LAS CRUCES, NEW MEXICO
PPRF-____

Month	Pledged Revenues	Amount
Monthly, beginning October ____ through April _____	The distribution of revenues derived from the municipal gross receipts tax imposed on all persons engaging in business in the City pursuant to Section 7-19D-9 NMSA 1978 and the 0.3250% Tax Ordinance and distributed to the City pursuant to Sections 7-1-6.1 and 7-1-6.12 NMSA 1978 in the total amount of 0.3250% of the gross receipts of a person engaging in business in the City, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, and after any disbursements for tax credits, refunds, payments of interest and administrative costs and fees [The distribution of revenues derived from two one-quarter percent increments of municipal gross receipts taxes imposed pursuant to the 0.50% Tax Ordinances, (a) which taxes equal a combined 0.50% of the gross receipts reported or required to be reported by persons engaging in business in the City subject to the exemptions specified in Section 7-19D-5 NMSA 1978 and as required by Section 7-19D-4 NMSA 1978, (b) which amounts are dedicated to general fund purposes and (c) which amounts are collected pursuant to Section 7-19D-7 NMSA 1978 and remitted to the City monthly by the Revenue Division of the Taxation and Revenue Department of the State of New Mexico pursuant to Sections 7-1-6.1 and 7-1-6.12 NMSA 1978, as amended, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, as amended.]	$0.00**

** In the event the Governmental Unit fails to make timely payments of the Bond Payments, at which time a monthly collection schedule will be prepared by the Finance Authority and given to the Governmental Unit and the State Taxation and Revenue Department to replace this Exhibit A. The replacement Exhibit A will be effective immediately upon delivery to the State Taxation and Revenue Department and the Governmental Unit consents in advance to the replacement Exhibit A. The State Taxation and Revenue Department shall thereafter distribute the Pledged

Revenues as set forth in the replacement Exhibit A and the Pledged Revenues shall be applied to payment of the Bonds as provided in the Ordinance and this Intercept Agreement.

3115; Council Bill 26-023

City Council Action and Executive Summary

Type of Action:
☐ Resolution
☒ Ordinance
☐ TIDD Resolution

District:	☒ 1 ☒ 2 ☒ 3 ☒ 4 ☒ 5 ☒ 6 ☐ N/A		
1st Reading:	May 18, 2026	**Adopted:**	June 15, 2026
Drafter:	Adolfo Cardenas	**Department:**	Financial Services

Title:	**AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND SUBORDINATE LIEN LOAN/GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY ("NMFA") AND THE CITY OF LAS CRUCES (THE "BORROWER/GRANTEE"), IN THE TOTAL AMOUNT OF $1,969,331, INCLUDING A GRANT IN THE AMOUNT OF $1,772,398, AND A LOAN IN THE AMOUNT OF $196,933 EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF DESIGNING, CONSTRUCTING AND REPAIRING LAS ALTURAS DEL SOL WATER STORAGE TANK AND BOOSTER STATION, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE SUPER SUBORDINATE LIEN PLEDGE AND PAYMENT OF THE LOAN AMOUNT AND AN ADMINISTRATIVE FEE SOLELY FROM THE NET SYSTEM REVENUES OF THE JOINT WATER, WASTEWATER, AND GAS UTILITY SYSTEM OF THE BORROWER/GRANTEE; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.**

TYPE OF ACTION: ☐ **Administrative** ☒ **Legislative** ☐ **Quasi-Judicial**

PURPOSE(S) OF ACTION:

Authorize issuance of debt.

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

A proposed resolution approved at the September 3, 2024, City Council meeting authorized City staff to submit an application for financial assistance from New Mexico Finance Authority (NMFA) the purpose of designing, constructing, and repairing Las Alturas Del Sol Water Storage Tank and Booster Station.

Approval of the Ordinance authorizes the execution and delivery of the loan agreement between the City and NMFA. The City will borrow no more than $196,933 with interest and administrative fees and a loan subsidy in the amount of no more than $1,772,398 to finance the cost of designing, constructing and repairing Las Alturas Del Sol Water Storage Tank. The revenue pledged to finance the cost of designing, constructing and repairing Las Alturas Del Sol Water Storage Tank comes from the net revenues of the Joint Utility System.

SUPPORT INFORMATION:
Exhibit "A" LoanGrant Agreement
Attachment "A" Ordinance WPF-6580

PLAN(S):
Department Strategic Business Plan

COMMITTEE/BOARD REVIEW:
None

DOES THIS AMEND THE BUDGET?:
☐ Yes
☒ No

Does this action amend the Capital Improvement Plan (CIP)?
☐ Yes
☒ No

OPTIONS / ALTERNATIVES:
1. Vote "Yes"; this will approve the Ordinance and will allow the City to accept the loan from NMFA and proceed with water system projects.
2. Vote "No"; this will not approve the Ordinance and will not allow the City to accept the loan from NMFA and use the funding mechanism to finance water systems projects.
3. Vote to "Amend"; this will delay the execution and delivery of the loan from NMFA and the water system projects, and require Council direction to staff.
4. Vote to "Table"; this will delay the financing opportunity, increase the project cost of the water systems project, and require Council direction to staff.

REFERENCE INFORMATION:
Resolution 25-026

ORDINANCE 3115; COUNCIL BILL 26-023

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND SUBORDINATE LIEN LOAN/GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY ("NMFA") AND THE CITY OF LAS CRUCES (THE "BORROWER/GRANTEE"), IN THE TOTAL AMOUNT OF $1,969,331, INCLUDING A GRANT IN THE AMOUNT OF $1,772,398, AND A LOAN IN THE AMOUNT OF $196,933 EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF DESIGNING, CONSTRUCTING AND REPAIRING LAS ALTURAS DEL SOL WATER STORAGE TANK AND BOOSTER STATION, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE SUPER SUBORDINATE LIEN PLEDGE AND PAYMENT OF THE LOAN AMOUNT AND AN ADMINISTRATIVE FEE SOLELY FROM THE NET SYSTEM REVENUES OF THE JOINT WATER, WASTEWATER, AND GAS UTILITY SYSTEM OF THE BORROWER/GRANTEE; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

The City Council is informed that:

WHEREAS, unless otherwise defined in Article I or elsewhere in this supplemental ordinance (the "Ordinance") or unless the context requires otherwise, capitalized terms in the following preambles have the same meanings assigned to such terms in Article I of Ordinance No. 1593, Council Bill 97-035 adopted by the City Council (the "Governing Body") on December 18, 1996, as amended by Ordinance No. 2750, Council Bill No. 15-031 adopted by the Council on April 8, 2015, Ordinance No. 2837, Council Bill No. 18-013 adopted by the Council on January 16, 2018, and Council Bill No. 26-005, Ordinance No. 3097 adopted by the Council on October 6, 2025, (collectively the "Master Ordinance"); and

WHEREAS, the Master Ordinance provides for the adoption of subsequent supplemental ordinances to authorize the issuance and sale of one or more series of System Bonds as well as the approval of specific terms and documents relating to the issuance and sale of System Bonds; and

WHEREAS, the Borrower/Grantee is a legally and regularly created, established, duly organized and existing incorporated home rule municipality under and pursuant to the laws of the State and more specifically, Article X, Section 6 of the State Constitution, NMSA 1978, §§3-1-1 through 3-66-11, as amended, is a qualifying entity under the Water Project Finance Act and is qualified for financial assistance as determined by the NMFA and approved by the Water Trust Board pursuant to the Board Rules, the Policies and the Act; and

WHEREAS, pursuant to the Board Rules the Water Trust Board has recommended the Project for funding as a Qualifying Project to the Legislature; and

WHEREAS, Chapter 35, Laws 2025, being House Bill 206 of the 2025 Regular New Mexico Legislative Session, authorized the funding of the Project from the Water Project Fund; and

WHEREAS, the Water Trust Board has recommended that the NMFA enter into and administer the Loan/Grant Agreement in order to finance the Project; and

WHEREAS, the NMFA approved on May 22, 2025 that the Borrower/Grantee receive financial assistance in the form of the Loan/Grant; and

WHEREAS, the Governing Body has determined and hereby determines that the Project may be financed with amounts granted and loaned pursuant to the Loan/Grant Agreement, that the Loan/Grant Amount, together with the Additional Funding Amount and other moneys available to the Borrower/Grantee, is sufficient to complete the Project, and that it is in the best interest of the Borrower/Grantee and the constituent public it serves that the Loan/Grant Agreement be executed and delivered and that the funding of the Project take place by executing and delivering the Loan/Grant Agreement; and

WHEREAS, the Governing Body has determined that it may lawfully enter into the Loan/Grant Agreement, accept the Loan/Grant Amount and be bound to the obligations and by the restrictions thereunder; and

WHEREAS, this Council Bill No. 26-005; Ordinance No.3097 is a Supplemental Ordinance authorized by the Master Ordinance for the purpose of entering into the Loan Agreement with the Finance Authority, which Loan Agreement constitutes a System Bond within the meaning of the Master Ordinance; and

WHEREAS, the Governing Body has determined and hereby determines that the Project may be financed with amounts borrowed under the Loan Agreement and that it is in the best interest of the Governmental Unit and the public it serves that the Loan Agreement be executed and delivered and that the financing of the Project take place by executing and delivering the Loan Agreement; and

WHEREAS, the Governing Body has determined that it may lawfully pledge the Pledged Revenues for the payment of amounts due under the Loan Agreement and may enter into the Loan Agreement; and

WHEREAS, the Loan/Grant Agreement shall be a special, limited obligation and shall not constitute a general obligation of the Borrower/Grantee, the Water Trust Board or the NMFA or a debt or pledge of the full faith and credit of the Borrower/Grantee, the Water Trust Board, the NMFA or the State; and

WHEREAS, the Borrower/Grantee has created the System as provided in the Master Ordinance; and

WHEREAS, the Master Ordinance governs the issuance of System Bonds or similar obligations by the Borrower/Grantee payable from the Net System Revenues of the System; and

WHEREAS, the Master Ordinance authorizes the Borrower/Grantee to adopt Supplemental Ordinances authorizing the issuance of additional Subordinated Bonds payable from the Net System Revenues of the System such as this Super Subordinated Obligation; and

WHEREAS, this Council Bill No. 26-023; Ordinance No. 3115, is a Supplemental Ordinance authorized by the Master Ordinance for the purpose of entering into the Loan/Grant Agreement with the NMFA, which Loan/Grant Agreement constitutes a System Bond within the meaning of the Master Ordinance; and

WHEREAS, the Governing Body has determined and hereby determines that the Project may be financed with amounts borrowed under the Loan/Grant Agreement and that it is in the best interest of the Borrower/Grantee and the public it serves that the Loan/Grant Agreement be executed and delivered and that the financing of the Project take place by executing and delivering the Loan/Grant Agreement; and

WHEREAS, the Governing Body has determined that it may lawfully pledge the Pledged Revenues for the payment of amounts due under the Loan/Grant Agreement with a lien thereon subordinate to the lien of the outstanding Parity Obligations and subordinate to the lien of all other Subordinate Obligations; and

WHEREAS, the Loan/Grant Agreement and other Super Subordinated Bonds shall be a category of Subordinated Bonds pursuant to Section 18.05 of the Master Ordinance with the payments due under the

Loan/Grant Agreement having a lien on the Pledged Revenues subordinate to and payable after the Debt Service Requirements and funding of reserves for other outstanding Subordinated Bonds now outstanding or hereafter issued; and

WHEREAS, other than the having a lower payment priority provision within Section 18.05 of the Master Ordinance, Super Subordinated Bonds shall be treated as Subordinated Bonds for all purposes of the Master Ordinance including, but not limited to, the Rate Covenant and provisions related to the issuance of Additional System Bonds; and

WHEREAS, other than as described on the Term Sheet, the Pledged Revenues have not heretofore been pledged to secure the payment of any obligation which is currently outstanding; and

WHEREAS, there have been presented to the Governing Body and there presently are on file with the City Clerk this Ordinance and the form of the Loan/Grant Agreement which is incorporated by reference and considered to be a part hereof; and

WHEREAS, the Governing Body hereby determines that the Additional Funding Amount is now available to the Borrower/Grantee to complete the Project; and

WHEREAS, the Borrower/Grantee has met or will meet prior to the first disbursement of any portion of the Loan/Grant Amount, the Conditions and readiness to proceed requirements established for the portion of the Loan/Grant Amount disbursed or caused to be disbursed by the NMFA, including but not limited to the requirements of Executive Order 2013-006; and

WHEREAS, the Governing Body hereby determines that the Project to be financed by the Loan/Grant Agreement is to be used for governmental purposes of the Borrower/Grantee; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use of the Loan/Grant Amount for the purposes described, and according to the restrictions set forth, in the Loan/Grant Agreement; (ii) the availability of other moneys necessary and sufficient, together with the Loan/Grant Amount, to complete the Project; and (iii) the authorization, execution and delivery of the Loan/Grant Agreement which are required to have been obtained by the date of this Ordinance, have been obtained or are reasonably expected to be obtained.

NOW, THEREFORE, Be it Ordained by the Governing Body of the City of Las Cruces:

(I)

THAT

Section 1. Definitions. As used in this Ordinance, the following terms shall, for all purposes, have the meanings herein specified, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined); and, any term not defined herein shall have the definition given it by the Master Ordinance or the Loan/Grant Agreement:

"ACH Authorization" means the authorization for direct payment to the NMFA by ACH made by the Borrower/Grantee on the form required by the bank or other entity at which the account is held, from which the Pledged Revenues will be paid.

"Act" means the general laws of the State, particularly the Water Project Finance Act, NMSA 1978, §§ 72-4A-1 through 72-4A-11, and enactments of the Governing Body relating to the Loan/Grant Agreement, including the Master Ordinance, this Ordinance, all as amended and supplemented.

"Additional Funding Amount" means the amount to be provided by the Borrower/Grantee which includes the total value of the Soft Match or Hard Match (each as defined in Section 4.2 of the Policies) which, in combination with the Loan/Grant Amount and other moneys available to the Borrower/Grantee, is sufficient to complete the Project and to provide matching funds required to complete the Project. The Additional Funding Amount is 219,000.

"Administrative Fee" or "Administrative Fee Component" means an amount equal to one-quarter of one percent (0.25%) per annum of the unpaid principal balance of the Loan Amount, taking into account both payments made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee pursuant to Section 5.1(a)(iii) of the Loan/Grant Agreement.

"Authorized Officers" means any one or more of the Mayor, Mayor Pro-Tem, City Manager, Director of Financial Services, Treasurer and City Clerk of the Borrower/Grantee.

"Board Rules" means Review and Eligibility of Proposed Water Projects, New Mexico Water Trust Board, 19.25.10 NMAC.

"Borrower/Grantee" means the City of Las Cruces, New Mexico.

"City Charter" means the home rule charter of the Borrower/Grantee submitted to the Governing Body on January 7, 1985 and approved by the voters of the Borrower/Grantee on March 5, 1985, as amended and supplemented.

"Closing Date" means the date of execution and delivery of the Loan/Grant Agreement, by the Borrower/Grantee and the NMFA.

"Completion Date" means the date of final payment of the cost of the Project.

"Conditions" has the meaning given to that term in the Loan/Grant Agreement.

"Eligible Items" means eligible Project costs for which grants and loans may be made pursuant to NMSA 1978, § 72-4A-7(C), as amended, of the Act, the Board Rules and applicable Policies, and includes, without limitation, Eligible Legal Costs.

"Eligible Legal Costs" has the meaning given to that term in the Loan/Grant Agreement.

"Generally Accepted Accounting Principles" means the officially established accounting principles applicable to the Borrower/Grantee consisting of the statements, determinations and other official pronouncements of the Government Accounting Standards Board, Financial Accounting Standards Board, Federal Accounting Standards Board or other principle-setting body acceptable to the Lender/Grantor establishing accounting principles applicable to the Borrower/Grantee.

"Governing Body" means the duly organized City Council of the Borrower/Grantee, or any successor governing body of the Borrower/Grantee.

"Grant" or "Grant Amount" means the amount provided to the Borrower/Grantee as a grant pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and shall not equal more than $1,772,398.

"Gross Revenues" has the meaning given to that term in Section 1.01 of the Master Ordinance and Article I of the Loan/Grant Agreement.

"Herein," "hereby," "hereunder," "hereof," "hereinabove" and "hereafter" refer to this entire Ordinance and not solely to the particular section or paragraph of this Ordinance in which such word is used.

"Governing Body" means the duly organized City Council of the Governmental Unit, or any successor governing body of the Governmental Unit.

"Gross Revenues" means "Gross Revenues" as defined in Section 1.01 of the Master Ordinance.

"Herein," "hereby," "hereunder," "hereof," "hereinabove" and "hereafter" refer to this entire Ordinance and not solely to the particular section or paragraph of this Ordinance in which such word is used.

"Loan" or "Loan Amount" means the amount provided to the Borrower/Grantee as a loan pursuant to the Loan/Grant Agreement for the purpose of funding the Project, in the maximum amount of $196,933.

"Loan/Grant" or "Loan/Grant Amount" means the combined amount partially provided to the Borrower/Grantee as the Grant Amount and partially borrowed by the Borrower/Grantee as the Loan Amount pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and shall not equal more than $1,969,331.

"Loan/Grant Agreement" means the Water Project Fund Loan/Grant Agreement entered into by and between the Borrower/Grantee and the NMFA as authorized by this Ordinance.

"Master Ordinance" means Ordinance No. 1593, Council Bill 97- 035 adopted by the Governing Body on December 18, 1996, as amended by Ordinance No. 2750, Council Bill No. 15-031 adopted by the Council on April 8, 2015, Ordinance No. 2837, Council Bill No. 18- 013 adopted by the Council on January 16, 2018 Ordinance No. 3097, Council Bill No. 26-005 adopted by the Council on October 6, 2025.

"Net System Revenues" or "Net Revenues" means the Gross Revenues of the System owned and operated by the Borrower/Grantee after deducting Operation and Maintenance Expenses of the System as defined in Section 1.01 of the Master Ordinance.

"NMAC" means the New Mexico Administrative Code.

"NMFA" means the New Mexico Finance Authority.

"NMSA 1978" means the New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented from time to time.

"Ordinance" means this Ordinance as it may be supplemented or amended from time to time, as a supplemental Ordinance under the Master Ordinance.

"Parity Bonds" has the meaning given to that term in Section 1.01 of the Master Ordinance and includes any such obligations shown on the Term Sheet which are designated as senior obligations on the Term Sheet.

"Pledged Revenues" means the Net System Revenues of the System of the Borrower/Grantee pledged to the payment of the Loan Payments and Administrative Fee pursuant to this Ordinance and the Loan/Grant Agreement and described in the Term Sheet.

"Project" means the project(s) described on the Term Sheet.

"Project Account" means the book account established by the NMFA in the name of the Borrower/Grantee for purposes of tracking expenditure of the Loan/Grant Amount by the Borrower/Grantee to pay for the costs of the Project, as shown in the Term Sheet, which account shall be kept separate and apart from all other accounts of the NMFA.

"Qualifying Water Project" means a water project for (i) storage, conveyance or delivery of water to end-users; (ii) implementation of the federal Endangered Species Act of 1973 collaborative programs; (iii) wastewater conveyance and treatment; (iv) restoration and management of watersheds; (v) flood prevention or (vi) water conservation or recycling, treatment or reuse of water as provided by law; and which has been approved by the state legislature pursuant to NMSA 1978, § 72-4A-9(B), as amended.

"State" means the State of New Mexico.

"Subordinate Bonds" or "Subordinated Obligations" has the meaning given to that term in Section 1.01 of the Master Ordinance and includes those obligations set forth on the Term Sheet.

"Super Subordinated Obligations" or "Super Subordinated Bonds" has the meaning given to that term in Section 1.01 of the Master Ordinance and includes the Loan/Grant Agreement.

"System" means the joint water, sanitary sewer and natural gas utility system operated as defined in Section 1.01 of the Master Ordinance, of the Borrower/Grantee, owned and operated by the Borrower/Grantee, and of which the Project, when completed, will form part.

"Term Sheet" means Exhibit "A" attached to the Loan/Grant Agreement.

"Useful Life" means the structural and material design life of the Project, including planning and design features, as required by the Act and the Board Rules.

"Water Project Fund" means the fund of the same name created pursuant to the Act and held and administered by the NMFA.

"Water Trust Board" or "WTB" means the water trust board created and established pursuant to the Act.

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Borrower/Grantee and officers of the Borrower/Grantee directed toward the acquisition and completion of the Project, the pledge of the Pledged Revenues to payment of amounts due under the Loan/Grant Agreement, and the execution and delivery of the Loan/Grant Agreement shall be, and the same hereby is, ratified, approved and confirmed.

Section 3. Authorization of the Project and the Loan/Grant Agreement. The acquisition and completion of the Project and the method of funding the Project through execution and delivery of the Loan/Grant Agreement and the other documents related to the transaction are hereby authorized and ordered. The Project is for the benefit and use of the Borrower/Grantee and the public whom it serves.

Section 4. Findings. The Governing Body hereby declares that it has considered all relevant information and data and hereby makes the following findings:

A. The Project is needed to meet the needs of the Borrower/Grantee and the public whom it serves.

B. Moneys available and on hand for the Project from all sources other than the Loan Agreement are not sufficient to defray the cost of acquiring and completing the Project but, together with the Loan/Grant Amount, are sufficient to complete the Project.

C. The Project and the execution and delivery of the Loan/Grant Agreement pursuant to the Act to provide funds for the financing of the Project are necessary, convenient and in furtherance of the governmental purposes of the Borrower/Grantee, and in the interest of the public health, safety, and welfare of the constituent public served by the Borrower/Grantee.

D. The Borrower/Grantee will acquire and complete the Project with the proceeds of the Loan/Grant, the Additional Funding Amount and other amounts available to the Borrower/Grantee, and except as otherwise expressly provided by the Loan/Grant Agreement, will utilize, operate and maintain the Project for the duration of its Useful Life, as required by NMSA 1978, § 72-4A-7(A)(1), as amended.

E. Together with the Loan/Grant Amount, and other amounts available to the Borrower/Grantee, the Additional Funding Amount is now available to the Borrower/Grantee, and in combination with the Loan/Grant Amount, will be sufficient to complete the Project.

F. The NMFA shall maintain on behalf of the Borrower/Grantee a separate Project Account as a book account only on behalf of the Borrower/Grantee and financial records in accordance with Generally Accepted Accounting Principles during the construction or implementation of the Project.

G. The Borrower/Grantee will acquire title to or easements or rights of way on the real property upon which the Project is being constructed or located as provided in the Loan/Grant Agreement.

Section 5. Loan Agreement - Authorization and Detail.

A. Authorization. This Ordinance has been adopted by the affirmative vote of at least three-fourths majority of the Governing Body. For the purpose of protecting the public health, conserving the property, and protecting the general welfare and prosperity of the constituent public served by the Borrower/Grantee and acquiring and completing the Project, it is hereby declared necessary that the Borrower/Grantee execute and deliver the Loan/Grant Agreement evidencing the Borrower/Grantee's acceptance of the Grant Amount of $1,772,398 and borrowing the Loan Amount of $196,933 to be utilized solely for Eligible Items necessary to complete the Project, and solely in the manner and according to the restrictions set forth in the Loan/Grant Agreement, the execution and delivery of which is hereby authorized. The Borrower/Grantee shall use the Loan/Grant Amount to finance the acquisition and completion of the Project. This Ordinance is a Supplemental Ordinance authorized by the Master Ordinance for the purpose of entering into the Loan/Grant Agreement with the NMFA, and the Loan/Grant Agreement constitutes a System Bond within the meaning of the Master Ordinance.

B. Detail. The Loan Agreement shall be in substantially the form of the Loan Agreement presented at the meeting of the Governing Body at which this Ordinance was adopted. The Grant shall be in the amount of $1,772,398 and the Loan shall be in the amount of $196,933. Interest on the Loan Amount shall be zero percent (0%) per annum of the unpaid principal balance of the Loan Amount, and the Administrative Fee shall be one-quarter of one percent (0.25%) per annum of the unpaid principal balance of the Loan Amount, taking into account both payments made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee.

Section 6. Approval of Loan/Grant Agreement. The form of the Loan/Grant Agreement as presented at the meeting of the Governing Body at which this Ordinance was adopted, is hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Loan/Grant Agreement with such changes, insertions and omissions as may be approved by such individual Authorized Officers, and the City Clerk is hereby authorized to attest the Loan/Grant Agreement. The execution of the Loan/Grant Agreement shall be conclusive evidence of such approval.

Section 7. Security; Special, Limited Super Subordinate Obligation. The Loan Amount and Administrative Fee shall be solely secured by a super subordinate lien (but not an exclusive super subordinate lien) on the pledge of the Pledged Revenues herein made and as set forth in the Loan/Grant Agreement. The Loan/Grant Agreement, together with interest thereon and other obligations of the Borrower/Grantee thereunder, shall be a special, limited obligation of the Borrower/Grantee, payable solely from the Pledged Revenues as provided in this Ordinance, and the Loan/Grant Agreement shall not constitute a general obligation of the Borrower/Grantee or the State, and the holders of the Loan/Grant Agreement may not look to any general or other fund of the Borrower/Grantee for payment of the obligations thereunder. Nothing contained in this Ordinance nor in the Loan/Grant Agreement, nor any other instruments, shall be construed as obligating the Borrower/Grantee (except with respect to the application of the Pledged Revenues) or as imposing a pecuniary liability or a charge upon the general credit of the Borrower/Grantee or against its taxing power, nor shall a breach of any agreement contained in this Ordinance, the Loan/Grant Agreement, or any other instrument impose any pecuniary liability upon the Borrower/Grantee or any charge upon its general credit or against its taxing power. The Loan/Grant Agreement shall never constitute an indebtedness of the Borrower/Grantee within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Borrower/Grantee or a charge against its general credit or taxing power. Nothing herein shall prevent the Borrower/Grantee from applying other funds of the Borrower/Grantee legally available therefor to payments required by the Loan/Grant Agreement, in its sole and absolute discretion.

Section 8. Disposition of Proceeds; Completion of the Project.

A. Project Account. The Borrower/Grantee herby consents to creation of the Project Account By the NMFA. Until the Completion Date, the amount of the Loan/Grant credited to the Project Account shall be used and paid out solely for Eligible Items necessary to acquire and complete the Project in compliance with applicable law and the provisions of the Loan/Grant Agreement.

B. Completion of the Project. The Borrower/Grantee shall proceed to complete the Project with all due diligence. Upon the Completion Date, the Borrower/Grantee shall execute a certificate stating that completion of and payment for the Project has been completed. Following the Completion Date or the earlier expiration of the time allowed for disbursement of Loan/Grant funds as provided in the Loan/Grant Agreement, any balance remaining in the Project Account shall be transferred and deposited into the Water Project Fund or otherwise distributed as provided in the Loan/Grant Agreement.

C. NMFA Not Responsible. Borrower/Grantee shall apply the funds derived from the Loan/Grant Agreement as provided therein, and in particular Article VII of the Loan/Grant Agreement. The NMFA shall not in any manner be responsible for the application or disposal by the Borrower/Grantee or by its officers of the funds derived from the Loan/Grant Agreement or of any other funds held by or made available to the Borrower/Grantee in connection with the Project. NMFA shall not be liable for the refusal or failure of any other agency of the State to transfer any portion of the Loan/Grant Amount in its possession, custody and control to the NMFA for disbursement to the Borrower/Grantee, or to honor any request for such transfer or disbursement of the Loan/Grant Amount.

Section 9. Payment of Loan Amount and ACH Authorization. Pursuant to the Loan/Grant Agreement, the Borrower/Grantee shall pay the principal and interest on the Loan Amount and Administrative Fee directly from the Pledged Revenues to the NMFA as provided in the Loan/Grant Agreement in an amount sufficient to pay the installments of principal and other amounts due under the Loan/Grant Agreement and to cure any deficiencies in the payment of the Loan Amount or other amounts due under the Loan/Grant Agreement subordinate to the other Subordinated Bonds now outstanding or hereafter issued. The Borrower/Grantee hereby consents to the creation of an ACH authorization agreement for the purpose of making regular electronic payments of the Loan Amount and Administrative Fee, if at any applicable point in time during the Agreement Term the Borrower/Grantee desires to use such payment method for the purposes of the Loan.

Section 10. Lien on Pledged Revenues. The Loan/Grant Agreement shall be issued as a Super Subordinated Bond with a lien on the Pledged Revenues, but not an exclusive lien on the Pledged Revenues, subordinate to the lien thereon of the outstanding Parity Bonds and all other Subordinated Bonds. The Pledged Revenues are hereby authorized to be pledged, and are hereby pledged, and the Borrower/Grantee grants a security interest therein, for the payment of the principal and interest and Administrative Fee due under the Loan/Grant Agreement, subject to the uses thereof permitted by and the priorities set forth in the Master Ordinance, this Ordinance and the Loan/Grant Agreement. The Loan/Grant Agreement constitutes an irrevocable super subordinate lien, but not necessarily an exclusive super subordinate lien, on the Pledged Revenues subordinate to the lien of the Parity Bonds and the other Subordinated Bonds on the Pledged

Revenues. The payments due under the Loan/Grant Agreement shall have a lien on the Pledged Revenues subordinate to and shall be payable after the Debt Service Requirements and funding of reserves for the Parity Bonds and other outstanding Subordinated Bonds now outstanding or hereafter issued.

Section 11. Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Ordinance, the Loan/Grant Agreement and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Ordinance and the Loan/Grant Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Ordinance and the Loan/Grant Agreement including but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan/Grant Agreement.

Section 12. Amendment of Ordinance. Prior to the Closing Date, the provisions of this Ordinance may be supplemented or amended by ordinance of the Governing Body with respect to any changes which are not inconsistent with the substantive provisions of this Ordinance. After the Closing Date, this Ordinance may be amended, without receipt by the Borrower/Grantee of any additional consideration, but only with the prior written consent of the NMFA.

Section 13. Ordinance Irrepealable. After the Loan/Grant Agreement has been executed and delivered, this Ordinance shall be and remain irrepealable until all obligations due under the Loan/Grant Agreement shall be fully discharged, as herein provided.

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 15. Repealer Clause. All bylaws, orders, ordinances, resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 16. Effective Date. Upon due adoption of this Ordinance, it shall be recorded in the book of the Borrower/Grantee kept for that purpose, authenticated by the signatures of the Mayor and City Clerk of the Borrower/Grantee, and this Ordinance shall be in full force and effect thereafter, in accordance with law; provided, however, that if recording is not required for the effectiveness of this Ordinance, this Ordinance shall be effective upon adoption of this Ordinance by the Governing Body.

Section 17. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Ordinance shall be published in substantially the following form:

[*Form of Summary of Ordinance for Publication.*]

City of Las Cruces, New Mexico

Notice of Adoption of Ordinance

Notice is hereby given of the title and of a general summary of the subject matter contained in Council Bill No. ________ Ordinance No. ______, duly adopted and approved by the City Council of City of Las Cruces on June 15, 2026. A complete copy of the Ordinance is available for public inspection during normal and regular business hours in the office of the City Clerk, at 700 N. Main St., Las Cruces, New Mexico 88001.

The title of the Ordinance is:

CITY OF LAS CRUCES, NEW MEXICO

COUNCIL BILL NO. ________; ORDINANCENO. ___________

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND SUBORDINATE LIEN LOAN/GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY ("NMFA") AND THE CITY OF LAS CRUCES (THE "BORROWER/GRANTEE"), IN THE TOTAL AMOUNT OF $1,969,331, INCLUDING A GRANT IN THE AMOUNT OF $1,772,398, AND A LOAN IN THE AMOUNT OF $196,933 EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF DESIGNING, CONSTRUCTING AND REPAIRING LAS ALTURAS DEL SOL WATER STORAGE TANK AND BOOSTER STATION, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE SUPER SUBORDINATE LIEN PLEDGE AND PAYMENT OF THE LOAN AMOUNT AND AN ADMINISTRATIVE FEE SOLELY FROM THE NET SYSTEM REVENUES OF THE JOINT WATER, WASTEWATER, AND GAS UTILITY SYSTEM OF THE BORROWER/GRANTEE; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

A general summary of the subject matter of the Ordinance is contained in its title. This notice constitutes compliance with NMSA 1978, § 6-14-6, as amended.

[*End of Form of Summary of Ordinance for Publication*.]

(II)

THAT City staff is hereby authorized to do all deeds as necessary in the accomplishment of the herein above.

DONE AND APPROVED this day of

APPROVED

____
Mayor

ATTEST:

____
City Clerk

Moved by:

Seconded by:

AYES

NAYS

$1,969,331

WATER PROJECT FUND
LOAN/GRANT AGREEMENT

dated

July 24, 2026

by and between the

NEW MEXICO FINANCE AUTHORITY
as Lender/Grantor,

and

CITY OF LAS CRUCES, NEW MEXICO,
as Borrower/Grantee.

WATER PROJECT FUND
LOAN/GRANT AGREEMENT

THIS LOAN/GRANT AGREEMENT (the "Agreement" or "Loan/Grant Agreement") dated July 24, 2026, is entered into by and between the **NEW MEXICO FINANCE AUTHORITY** (the "NMFA" or "Lender/Grantor"), and the **CITY OF LAS CRUCES** in **DOÑA ANA COUNTY**, NEW MEXICO (the "Borrower/Grantee").

W I T N E S S E T H:

WHEREAS, the NMFA is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality, duly organized and created under and pursuant to the laws of the State, particularly NMSA 1978, §§ 6-21-1 through 6-21-31, as amended (the "NMFA Act"); and

WHEREAS, the NMFA Act provides that the NMFA may make loans and grants from the Water Project Fund to qualifying entities for Qualifying Water Projects; and

WHEREAS, pursuant to the Act, the Water Trust Board has established the Board Rules governing the terms and conditions of loans and grants made from the Water Project Fund, as set out in Review and Eligibility of Proposed Water Projects, New Mexico Water Trust Board, 19.25.10 NMAC, pursuant to the Board Rules for Qualifying Water Projects; and

WHEREAS, pursuant to the Board Rules, except as provided in the Policies, a qualifying entity is expected to receive some portion of its funding as a loan in order to maximize the potential for the return of funds to the Water Project Fund, thereby increasing the limited financial resources expected to be available in the Water Project Fund; and

WHEREAS, the Borrower/Grantee is a legally and regularly created, established, duly organized and existing incorporated home rule municipality under and pursuant to the laws of the State and more specifically, NMSA 1978, §§3-1-1 through 3-66-11, as amended, is a qualifying entity under the Water Project Finance Act and is qualified for financial assistance as determined by the NMFA and approved by the Water Trust Board pursuant to the Board Rules, the Policies and the Act; and

WHEREAS, the Borrower/Grantee has created the System as defined in the Master Ordinance; and

WHEREAS, the Master Ordinance governs the issuance of Bonds or similar obligations by the Borrower/Grantee payable from the Net Revenues of the System; and

WHEREAS, the Master Ordinance authorizes the Borrower/Grantee to adopt Supplemental Ordinances authorizing the issuance of System Bonds; and

WHEREAS, the Borrower/Grantee has adopted Council Bill No. ________; Ordinance No. _______ as a Supplemental Ordinance to the Master Ordinance authorizing this Loan/Grant

Agreement, and this Loan/Grant Agreement constitutes a System Bond within the meaning of the Master Ordinance; and

WHEREAS, the Borrower/Grantee has determined that it is in the best interests of the Borrower/Grantee and the constituent public it serves that the Borrower/Grantee enter into this Agreement with the Lender/Grantor to borrow $196,933 from the Lender/Grantor and to accept a grant in the amount of $1,772,398 from the Lender/Grantor to finance the costs of the Project, this Project being more particularly described in the Term Sheet; and

WHEREAS, the Borrower/Grantee submitted an Application dated September 13, 2024 and January 23, 2025 for the Project; and

WHEREAS, pursuant to the Board Rules the Water Trust Board recommended the Project for funding as a Qualifying Water Project to the Legislature; and

WHEREAS, Chapter 35, Laws 2025, being House Bill 206 of the 2025 Regular New Mexico Legislative Session, authorized the funding of the Project from the Water Project Fund; and

WHEREAS, the Water Trust Board has recommended that the NMFA enter into and administer this Agreement in order to finance the Project; and

WHEREAS, the NMFA approved on May 22, 2025 that the Borrower/Grantee receive financial assistance in the form of the Loan/Grant; and

WHEREAS, the Borrower/Grantee is willing to pledge the Pledged Revenues to the payment of the Loan Payments and Administrative Fee, with a super subordinate lien (but not an exclusive super subordinate lien) on the Pledged Revenues on a parity with the Super Subordinate Obligations and subordinate to the lien thereon of the Senior Obligations and Subordinated Obligations; and

WHEREAS, the plans and specifications for the Project will be approved by the NMFA (or by the New Mexico Environment Department or other appropriate agency or entity on behalf of the NMFA, pursuant to an agreement between such agency or entity and the NMFA), prior to the commencement of construction, and the plans and specifications for the Project incorporates available technologies and operational design for water use efficiency; and

WHEREAS, the execution and performance of this Agreement have been authorized, approved and directed by all necessary and appropriate action of the Water Trust Board and the NMFA, and their respective officers.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants herein contained, the parties hereto agree:

ARTICLE I
DEFINITIONS

Capitalized terms defined in the foregoing recitals shall have the same meaning when used in this Agreement unless the context clearly requires otherwise. Capitalized terms not defined in the recitals and defined in this Article I or the Master Ordinance shall have the same meaning when used in this Agreement including the foregoing recitals, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined).

"ACH Authorization" means the authorization for direct payment to the NMFA by ACH made by the Borrower/Grantee on the form required by the bank or other entity at which the account is held, from which the Pledged Revenues will be paid.

"Act" means the general laws of the State, particularly the Water Project Finance Act, NMSA 1978, §§ 72-4A-1 through 72-4A-11, and enactments of the Governing Body relating to this Agreement, including the Ordinance, all as amended and supplemented.

"Additional Funding Amount" means the amount to be provided by the Borrower/Grantee which includes the total value of the Soft Match or Hard Match (each as defined in Section 4.2 of the Policies) which, in combination with the Loan/Grant Amount and other moneys available to the Borrower/Grantee, is sufficient to complete the Project and to provide matching funds required to complete the Project. The Additional Funding Amount is $219,000.

"Administrative Fee" or "Administrative Fee Component" means an amount equal to one-quarter of one percent (0.25%) per annum of the unpaid principal balance of the Loan Amount, taking into account both payments made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee pursuant to Section 5.1(a)(iii) of this Agreement.

"Agreement Term" means the term of this Agreement as provided under Article III of this Agreement.

"Application" means the New Mexico Water Trust Board Application dated September 13, 2024 and the New Mexico Water Trust Board Readiness Application dated January 23, 2025 of the Borrower/Grantee and pursuant to which the Borrower/Grantee requested funding for the Project.

"Authorized Officers" means, with respect to the Borrower/Grantee, any one or more of the Mayor, Mayor Pro-Tem, City Manager, Director of Financial Services, Treasurer and City Clerk thereof; with respect to the NMFA, the Chairman, Vice-Chairman and Secretary of the Board of Directors and the Chief Executive Officer or any other officer or employee of the NMFA designated in writing by an Authorized Officer.

"Board Rules" means Review and Eligibility of Proposed Water Projects, New Mexico Water Trust Board, 19.25.10 NMAC.

"Closing Date" means the date of execution and delivery of this Agreement by the Borrower/Grantee and the NMFA.

"Colonias Infrastructure Act" means NMSA 1978, §§ 6-30-1 through 6-30-8, as amended.

"Conditions" means the conditions to be satisfied prior to the submission of a request for payment or the disbursement of the Loan/Grant Amount, or any portion thereof, from the Water Project Fund, or which otherwise apply to the performance of this Agreement, including those set forth in the Term Sheet.

"Debt Service Requirements" has the meaning assigned to that term in the Master Ordinance.

"Department of Finance and Administration" or "DFA" means the department of finance, and administration of the State.

"Eligible Items" means eligible Project costs for which grants and loans may be made pursuant to NMSA 1978, § 72-4A-7(C), as amended, of the Act, the Board Rules and applicable Policies, and includes, without limitation, Eligible Legal Costs.

"Eligible Legal Costs" means legal fees and costs for services rendered by legal counsel on behalf of the Borrower/Grantee for transaction of the Project, in an amount not exceeding ten (10) percent of the Loan/Grant Amount, but does not include adjudication services.

"Event of Default" means one or more events of default as defined in Section 10.1 of this Agreement.

"Final Debt Service Schedule" means the schedule of Loan Payments due on this Agreement following the Final Requisition, as determined on the basis of the Loan Amount.

"Final Requisition" means the final requisition of moneys to be submitted by the Borrower/Grantee, which shall be submitted by the Borrower/Grantee on or before the expiration of the Interim Period as provided in Section 5.3 of this Agreement.

"Fiscal Year" means the period commencing on July 1 of each calendar year and ending on the last day of June of the next succeeding calendar year, or any other twelve-month period which any appropriate authority of the Borrower/Grantee may hereafter establish for the Borrower/Grantee as its fiscal year.

"Force Majeure" means acts of God and natural disasters; strikes or labor disputes; war, civil strife or other violence; an order of any kind of the Government of the United States or of the State or civil or military authority or any court of competent jurisdiction; or any other act or condition that was beyond the reasonable control of, without fault or negligence of, or not reasonably foreseeable by the party claiming the Force Majeure event; except for (i) general economic conditions; or (ii) an inability of a party claiming the Force Majeure event to pay any debts when due.

"Generally Accepted Accounting Principles" means the officially established accounting principles applicable to the Borrower/Grantee, consisting of the statements, determinations and other official pronouncements of the Government Accounting Standards Board, Financial Accounting Standards Board, Federal Accounting Standards Board, or other principle-setting body acceptable to the Lender/Grantor, establishing accounting principles applicable to the Borrower/Grantee.

"Governing Body" means the duly organized City Council of the Borrower/Grantee, or any successor governing body of the Borrower/Grantee.

"Grant" or "Grant Amount" means the amount provided to the Borrower/Grantee as a grant pursuant to this Agreement for the purpose of funding the Project and shall not equal more than $1,772,398.

"Gross Revenues" has the meaning assigned to that term in the Master Ordinance.

"Hardship Waiver" means a determination by the NMFA pursuant to Section 5.1(a)(iii) herein that the annual principal payment by the Borrower/Grantee should be forgiven because such payment would cause undue hardship for the Borrower/Grantee or the public it serves.

"Herein," "hereby," "hereunder," "hereof," "hereinabove" and "hereafter" refer to this entire Agreement and not solely to the particular section or paragraph of this Agreement in which such word is used.

"Interest Component" means the portion of each Loan Payment paid as interest on this Agreement, if any, as shown on Exhibit "B" hereto.

"Interim Debt Service Schedule" means the anticipated schedule of Loan Payments due on this Agreement following the Final Requisition, assuming disbursement of the entire Loan Amount within twenty-four (24) months of the Closing Date. The Interim Debt Service Schedule is attached hereto as Exhibit "B".

"Interim Period" means the period no greater than twenty-four (24) months, unless a longer period is approved by the NMFA as provided in Section 5.3 of this Agreement, beginning on the Closing Date, during which the NMFA will disburse moneys to the Borrower/Grantee to pay costs of the Project.

"Lender/Grantor" means the New Mexico Finance Authority.

"Loan" or "Loan Amount" means the amount provided to the Borrower/Grantee as a loan pursuant to this Agreement for the purpose of funding the Project and shall not equal more than $196,933.

"Loan/Grant" or "Loan/Grant Amount" means the combined amount partially provided to the Borrower/Grantee as the Grant Amount and partially borrowed by the Borrower/Grantee as the Loan Amount pursuant to this Agreement for the purpose of funding the Project and shall not equal more than $1,969,331.

"Loan Payments" means, collectively, the Principal Component and the Interest Component, if any, to be paid by the Borrower/Grantee as payment of this Agreement as shown on Exhibit "B" hereto.

"Master Ordinance" means Ordinance No. 1593, Council Bill 97- 035 adopted by the Governing Body on December 18, 1996, as amended by Ordinance No. 2750, Council Bill No. 15-031 adopted by the Council on April 8, 2015, Ordinance No. 2837, Council Bill No. 18- 013 adopted by the Council on January 16, 2018, Ordinance No. 3097, Council Bill No. 25-005 adopted by the Council on October 6, 2025.

"Net Revenues" or "Net Revenues of the System" has the meaning assigned to that term in the Master Ordinance.

"NMAC" means the New Mexico Administrative Code.

"NMSA 1978" means the New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented from time to time.

"Operation and Maintenance Expenses" has the meaning assigned to that term in the Master Ordinance.

"Ordinance" means the Borrower/Grantee's Ordinance No. ________, adopted by the Governing Body on June 15, 2026, authorizing the acceptance of the Loan/Grant, approving this Agreement and pledging the Pledged Revenues to the payment of the Loan Payments and the Administrative Fee as shown on the Term Sheet.

"Pledged Revenues" means the Net Revenues of the System of the Borrower/Grantee pledged to the payment of the Loan Payments and the Administrative Fee pursuant to the Ordinance and this Agreement and described in the Term Sheet.

"Policies" means the Water Trust Board Water Project Fund Project Management Policies approved by the Water Trust Board and the NMFA, as amended and supplemented from time to time.

"Principal Component" means the portion of each Loan Payment paid as principal on this Agreement as shown on Exhibit "B" hereto.

"Project" means the project(s) described on the Term Sheet.

"Project Account" means the book account established by the NMFA in the name of the Borrower/Grantee for purposes of tracking expenditure of the Loan/Grant Amount by the Borrower/Grantee to pay for the costs of the Project, as shown in the Term Sheet, which account shall be kept separate and apart from all other accounts of the NMFA.

"Qualifying Water Project" means a water project for (i) storage, conveyance or delivery of water to end-users; (ii) implementation of the federal Endangered Species Act of 1973 collaborative programs; (iii) wastewater conveyance and treatment; (iv) restoration and management of watersheds; (v) flood prevention; or, (vi) water conservation or recycling, treatment or reuse of water as provided by law; and which has been approved by the state legislature pursuant to NMSA 1978, § 72-4A-9(B), as amended.

"Senior Obligations" or "Parity Bonds" means the outstanding "Senior Obligations" set forth in the Term Sheet and referred to as "Parity Bonds" in the Master Ordinance, and any other obligations now outstanding or hereafter issued or incurred, payable from or secured by a senior lien (but not an exclusive senior lien) on the Pledged Revenues and issued with a lien on the Pledged Revenues senior to the lien on the Pledged Revenues of any Subordinate Obligations and Super Subordinate Obligations.

"State" means the State of New Mexico.

"State Board of Finance" means the State board of finance created pursuant to NMSA 1978, §§ 6-1-1 through 6-1-13, as amended.

"Subordinate Obligations" has the meaning assigned to the term "Subordinated Bonds" in the Master Ordinance and includes the outstanding "Subordinate Obligations" set forth in the Term Sheet, and any other obligations now outstanding or hereafter issued or incurred, payable from or secured by a subordinate lien (but not an exclusive subordinate lien) on the Pledged Revenues and issued with a lien on the Pledged Revenues subordinate to the lien on the Pledged Revenues of any Senior Obligations and senior to the lien on the Pledged Revenues of any Super Subordinate Obligations.

"Super Subordinate Obligations" or "Super Subordinate Bonds" has the meaning assigned to that term in the Master Ordinance and includes this Agreement, the outstanding Super Subordinate Obligations set forth in the Term Sheet and any other obligations, now outstanding or hereafter issued or incurred, payable from or secured by a super subordinate lien (but not an exclusive super subordinate lien) on the Pledged Revenues and issued with a lien on the Pledged Revenues on a parity with Super Subordinate Obligations and subordinate to the lien on the Pledged Revenues of any Senior Obligations and Subordinate Obligations.

"System" means the joint water, sanitary sewer and natural gas utility system of the Borrower/Grantee defined in, created by and operated pursuant to the Master Ordinance.

"System Bonds" has the meaning assigned to that term in the Master Ordinance.

"Term Sheet" means Exhibit "A" attached to this Agreement.

"Useful Life" means the structural and material design life of the Project including planning and design features as required by the Act and the Board Rules.

"Water Project Fund" means the fund of the same name created pursuant to the Act and held and administered by the NMFA.

"Water Trust Board" or "WTB" means the water trust board created and established pursuant to the Act.

ARTICLE II
REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Borrower/Grantee: The Borrower/Grantee represents, covenants and warrants for the benefit of the NMFA as follows:

(a) Binding Nature of Covenants; Enforceability. All representations, covenants, stipulations, obligations and agreements of the Borrower/Grantee contained in this Agreement shall be deemed to be the representations, covenants, stipulations, obligations and agreements of the Borrower/Grantee to the full extent authorized or permitted by law, and such representations, covenants, stipulations, obligations and agreements shall be binding upon the Borrower/Grantee and its successors and enforceable in accordance with their terms, and upon any board or body to which any powers or duties affecting such representations, covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Agreement, all rights, powers and privileges conferred and duties and liabilities imposed upon the Borrower/Grantee by the provisions of this Agreement and the Ordinance shall be exercised or performed by the Borrower/Grantee or by such members, officers, or officials of the Borrower/Grantee as may be required by law to exercise such powers and to perform such duties.

(b) Authorization of Agreement. The Borrower/Grantee is a qualifying entity as defined in the Act and the Board Rules. Pursuant to the laws of the State and in particular, the laws governing its creation and existence, as amended and supplemented from time to time, the Borrower/Grantee is authorized to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Borrower/Grantee has duly authorized and approved its acceptance of the Loan/Grant and the execution and delivery of this Agreement and the other documents related to the transaction described in this Agreement, and this Agreement and the other documents related to the transaction to which the Borrower/Grantee is a party constitute legal, valid and binding special, limited obligations of the Borrower/Grantee enforceable against the Borrower/Grantee in accordance with their respective terms.

(c) Nature and Use of Agreement Proceeds. The Borrower/Grantee acknowledges that the distribution of the Loan/Grant Amount shall be deemed to be a distribution to the Borrower/Grantee of proceeds representing the Loan Amount and the Grant Amount on a *pro rata* basis from the maximum Loan Amount and Grant Amount. The Borrower/Grantee shall apply the proceeds of the Loan/Grant solely to Eligible Items that will facilitate the completion of the Project, and shall not use the Loan/Grant proceeds for any other purpose. The Loan/Grant Amount, together with the Additional Funding Amount and other moneys reasonably expected to be available to the Borrower/Grantee, is sufficient to complete the Project in its entirety.

(d) Payment of Loan Amount. The Borrower/Grantee shall promptly pay the Loan Amount and Administrative Fee as provided in this Agreement, except when a Hardship Waiver is obtained pursuant to Section 5(a)(iii) of this Agreement. The Loan and Administrative Fee shall be payable solely from Pledged Revenues and nothing in this Agreement shall be construed as obligating the Borrower/Grantee to make the Loan Payments and to pay the Administrative Fee from any general or other fund of the Borrower/Grantee other than the Pledged Revenues; however, nothing in this Agreement shall be construed as prohibiting the

Borrower/Grantee, in its sole and absolute discretion, from making such payments from any moneys which may be lawfully used, and which are legally available, for that purpose.

(e) Scope of Project; Completion of Project; Compliance with Laws. The Project is for storage, conveyance or delivery of water to end users. The Loan/Grant Amount will be used only for Eligible Items necessary to complete the Project. The Project is more particularly described in the Term Sheet. The Project will be completed with all practical dispatch and will be completed, operated and maintained so as to comply with all applicable federal, state and local laws, ordinances, resolutions and regulations and all current and future orders of all courts having jurisdiction over the Borrower/Grantee relating to the acquisition, operation, maintenance and completion of the Project and to the use of the Loan/Grant proceeds.

(f) Necessity of Project. The completion and operation of the Project under the terms and Conditions provided in this Agreement are necessary, convenient, and in furtherance of the governmental purposes of the Borrower/Grantee and are in the best interest of the Borrower/Grantee and the public it serves.

(g) Lien. The Loan Payments constitute an irrevocable super subordinate lien on the Pledged Revenues on a parity with the Super Subordinate Obligations and subordinate to the lien on the Pledged Revenues of the Senior Obligations and the Subordinate Obligations, the priority of which is consistent with that shown on the Term Sheet.

(h) Agreement Term Not Less than Useful Life. The Agreement Term is not less than the Useful Life of the Project as required by NMSA 1978, § 72-4A-7, as amended, of the Act.

(i) Amount of Agreement. The sum of the Grant Amount, the Loan Amount, and the Additional Funding Amount (and as set forth on the Term Sheet) does not exceed the cost of the Project.

(j) No Breach or Default Caused by Agreement. Neither the execution and delivery of this Agreement and the other documents related to the transaction, nor the fulfillment of or compliance with the terms and conditions in this Agreement and the other documents related to the transaction, nor the consummation of the transactions contemplated herein and therein, conflicts with or results in a breach of terms, conditions or provisions of any restriction or any agreement or instrument to which the Borrower/Grantee is a party or by which the Borrower/Grantee is bound or any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Borrower/Grantee or its properties are subject, or constitutes a default under any of the foregoing.

(k) Irrevocable Enactments. While this Agreement remains outstanding and unpaid, any ordinance, resolution or other enactment of the Governing Body applying the Pledged Revenues for the payment of this Agreement, including the Ordinance shall be irrevocable until the Project has been fully acquired and completed, and the Loan Amount, including all principal and interest has been repaid, or provision made for payment thereof, and shall not be subject to amendment or modification in any manner which would result in any use of the proceeds of this Agreement in a manner not permitted or contemplated by the terms hereof. The Borrower/Grantee shall not impair the rights of the NMFA or of any holders of bonds or other obligations payable from the Pledged Revenues while this Agreement is outstanding.

(l) No Litigation. To the knowledge of the Borrower/Grantee, no litigation or proceeding is pending or threatened against the Borrower/Grantee or any other person affecting the right of the Borrower/Grantee to execute or deliver this Agreement and the other documents related to the transaction or to comply with its obligations under this Agreement and the other documents related to the transaction. Neither the execution and delivery of this Agreement and the other documents related to the transaction by the Borrower/Grantee nor compliance by the Borrower/Grantee with the obligations under this Agreement and the other documents related to the transaction, requires the approval of any regulatory body, or any other entity, which approval has not been obtained or which is not reasonably expected to be obtained.

(m) No Event of Default. No event has occurred and no condition exists which, with the giving of notice or the passage of time or upon the execution and delivery of this Agreement and the other documents related to the transaction, would constitute an Event of Default on the part of the Borrower/Grantee under this Agreement and the other documents related to the transaction.

(n) Pledged Revenues Not Budgeted. The portion of the Pledged Revenues necessary to pay the Loan Payments, as and when due, is not needed or budgeted to pay current or anticipated Operation and Maintenance Expenses or other expenses of the Borrower/Grantee.

(o) Expected Coverage Ratio. The Pledged Revenues are reasonably expected to equal or exceed—from the Fiscal Year in which the Closing Date occurs and, on an ongoing basis during each Fiscal Year of the Agreement Term—one hundred percent (100%) of the maximum annual principal and interest due on all outstanding obligations of the Borrower/Grantee payable from the Pledged Revenues.

(p) Right to Inspect. The NMFA shall have the right to inspect at all reasonable times all records, accounts and data relating to the System and to inspect the System and all properties comprising the System, and the Borrower/Grantee shall supply such records, accounts, and data as are requested by the NMFA, within thirty (30) days of receipt of such request, written or oral.

(q) Financial Capability; Budgeting of Pledged Revenues. The Borrower/Grantee meets and will meet during the Agreement Term the requirements of financial capability set by the Water Trust Board and the NMFA. The Pledged Revenues will be sufficient to make the Loan Payments, as and when due. The Borrower/Grantee will adequately budget for the Loan Payments and other amounts payable by the Borrower/Grantee under this Agreement.

(r) Rate Covenant. Pursuant to Section 26.03 of the Master Ordinance, the Borrower/Grantee covenants that it will at all times fix, charge and collect such rates and charges as shall be required in order that in each Fiscal Year in which the Loan is outstanding (i) the Gross Revenues shall be sufficient to provide for the payment of the Debt Service Requirements on all Outstanding System Bonds as and when the same become due and payable, to maintain the funds and accounts established in the Master Ordinance, to provide for the payment of expenses of administration, Operation and Maintenance Expenses of the System which may be necessary to preserve the same in good repair and working order, including the necessary reserves therefor and all other payments necessary to meet ongoing legal obligations to be paid at that time; and (ii) the Pledged Revenues shall at least equal the greater of (a) 125% of the Debt Service Requirements of the outstanding Parity Bonds in such Fiscal year or (b) 115% of the Debt Service Requirements on the Parity Bonds Outstanding and the Subordinated Bonds Outstanding in such Fiscal Year, including this Agreement.

Failure by the Borrower/Grantee to comply with the foregoing Rate Covenant in any Fiscal Year will not constitute an event of default under the Master Ordinance, the Loan Ordinance or this Agreement so long as the Borrower/Grantee, within 180 days after the end of any such Fiscal Year, adopts the schedule of rates and charges recommended or approved by a Consulting Engineer which would bring the Borrower/Grantee into compliance with the Rate Covenant set forth above. The Borrower/Grantee is also required under the Master Ordinance in each Fiscal Year to complete a review of its financial condition for the purpose of estimating whether the Pledged Revenues for such Fiscal Year and for the next succeeding Fiscal Year will be sufficient to comply with the Rate Covenant set forth above and shall by resolution make a determination with respect thereto. If the Borrower/Grantee determines that the Pledged Revenues may not be so sufficient, it shall forthwith cause the Consulting Engineer to make a study for the purpose of recommending a schedule of fees, rates and charges for the System which, in the opinion of the Consulting Engineer, will cause sufficient Gross Revenues to be collected in such Fiscal Year to comply with the Rate Covenant set forth above and will cause additional Gross Revenues to be collected in such Fiscal Year sufficient to eliminate the amount of any deficiency at the earliest practicable time within such Fiscal Year. The Borrower/Grantee shall as promptly as practicable adopt and place in effect the schedule of fees, rates and charges recommended or approved by the Consulting Engineer pursuant to the Master Ordinance. In the alternative to establishing fees, rates and charges necessary to meet the Rate Covenant set forth above, the Borrower/Grantee may implement reductions in Operation and Maintenance Expenses for the System in an amount sufficient to meet the Rate Covenant.

(s) Borrower/Grantee's Existence. The Borrower/Grantee will maintain its legal identity and existence so long as this Agreement remains outstanding unless another political subdivision, State agency, or other entity by operation of law succeeds to the liabilities, rights and duties of the Borrower/Grantee under this Agreement without adversely affecting to any substantial degree the privileges and rights of the Lender/Grantor.

(t) Use of Project; Continuing Covenant. During the Agreement Term, the Borrower/Grantee will at all times use the Project for the benefit of the Borrower/Grantee and the public it serves. The Borrower/Grantee shall not sell, lease, mortgage, pledge, relocate or otherwise dispose of or transfer the Project or System, or any part of the Project or System so long as this Agreement is outstanding; provided, however, that if the Project is a joint project of the Borrower/Grantee and other qualifying entities (as defined by the Act), the Borrower/Grantee and the other qualifying entities may, with the express written approval of the NMFA and not otherwise, enter into an agreement allocating ownership and operational and maintenance responsibilities for the Project during the term of the Agreement. Any such agreement shall provide that the Lender/Grantor, or either of them, shall have the power to enforce the terms of this Agreement, without qualification, as to each and every qualifying entity (as defined by the

Act) other than the Borrower/Grantee, owning or operating any portion of the Project during the term of the Agreement. The Borrower/Grantee will operate and maintain the Project, so that it will function properly over its Useful Life.

(u) Title and Rights of Way. As required by NMSA 1978, § 72-4A-7(A)(3) of the Act, as amended, and the Board Rules, the Borrower/Grantee shall provide written assurance signed by an attorney or provide a title insurance policy ensuring that the Borrower/Grantee has proper title to, easements, rights of way or use permits on the real property upon or through which the Project will be designed, constructed or located pursuant to the Project plans and specifications, and if any portion of the Project will be designed, constructed, located, completed or extended on real property owned by a qualifying entity (as defined by the Act) other than the Borrower/Grantee, such other qualifying entity has title to such real property, and the Borrower/Grantee shall provide written assurance signed by an attorney or provide a title insurance policy ensuring that such other qualifying entity has proper title to such real property. The Borrower/Grantee shall exercise its power of eminent domain, if needed to comply with this paragraph 2.1(u) and Section 4.1(b).

(v) Additional Funding Amount. Together with the Loan/Grant Amount and other amounts available to the Borrower/Grantee, the Additional Funding Amount is now available to the Borrower/Grantee, and in combination with the Loan/Grant Amount, will be sufficient to complete the Project. If any other additional expenses are incurred, the Borrower/Grantee shall be responsible for payment of such expenses.

(w) Audit Requirement. Pursuant to Section 26.09 of the Master Ordinance, within one hundred eighty (180) days following the close of each Fiscal Year, the Borrower/Grantee will cause an audit of the books and accounts of the System to be made by an Independent Accountant and the audit to be made available for inspection by the NMFA upon the release of the audit by the New Mexico State Auditor. Each audit of the System shall comply with Governmental Accounting Standards Board. During the Agreement Term the Borrower/Grantee shall comply with the requirements of the State Audit Act, NMSA 1978, §§ 12-6-1 through 12-6-14, as amended. Upon request by the NMFA, the Borrower/Grantee shall provide the NMFA a copy of any review or audit, report of agreed upon procedures, or any other document prepared pursuant to or required by the State Audit Act.

(x) Reserved.

(y) Efficient Operation. Pursuant to Section 26.06 of the Master Ordinance, the Borrower/Grantee will maintain the System in efficient operating condition and make such improvements, extensions, enlargements, repairs and betterments to the System as may be necessary or advisable for its economical and efficient operation at all times and sufficient to supply reasonable public and private demands for System services within the Service Area of the System.

(z) Records. Pursuant to Section 26.07 of the Master Ordinance, so long as the Agreement remains outstanding, proper books of record and account will be kept by the Borrower/Grantee in accordance with Generally Accepted Accounting Principles, separate from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Such books shall include, but not necessarily be limited to, monthly records showing:

(i) the number of customers for the joint water, sanitary sewer and natural gas utility system; (ii) the revenues separately received from charges by classes of customers, including but not necessarily limited to classification by facilities; and (iii) a detailed statement of the expenses of the System.

(aa) Billing Procedure. Pursuant to Section 26.10 of the Master Ordinance, bills for water, sanitary sewer and natural gas services or facilities, or any combination, furnished by or through the System, shall be rendered to customers on a regular basis each month following the month in which the service was rendered and shall be due as required by the applicable ordinance, resolution or regulation of the Borrower/Grantee. If permitted by law, if a bill is not paid within the period of time required by such ordinance, resolution or regulation, joint water, sanitary sewer and natural gas utility services shall be discontinued as required by such ordinance, resolution or regulation, and the rates and charges due shall be collected in a lawful manner, including, but not limited to, the cost of disconnection and reconnection. Joint water, sanitary sewer and natural gas utility services may be billed jointly with each other, provided that each such joint bill shall show separately the water, natural gas and sanitary sewer utility charges.

(bb) Competent Management. The Borrower/Grantee shall employ or contract for experienced and competent personnel to manage the System.

(cc) Readiness Requirements. The Borrower/Grantee has met the requirements of Executive Order 2013-006 and it has met or will meet prior to the first disbursement of any portion of the Loan/Grant Amount, the Conditions and the readiness to proceed requirements established for the Loan/Grant by the NMFA and the Water Trust Board.

(dd) Other Liens. Other than as provided in the Term Sheet, there are no liens or encumbrances of any nature, whatsoever, on or against the System or the revenues derived from the operation of the same.

(ee) Additional Obligations. The Borrower/Grantee shall notify NMFA of the approval by the Borrower/Grantee of the issuance of any Senior Obligations or Subordinate Obligations upon the Borrower/Grantee's approval of the issuance of such Senior Obligations or Subordinate Obligations. Posting of an Official Statement for such additional Senior Obligations or Subordinate Obligations or a material event notice on the Electronic Municipal Marketplace Access (EMMA) regarding the issuance of such Senior Obligations or Subordinate Obligations shall constitute compliance with notice of the approval of the issuance of additional Senior Obligations or Subordinate Obligations.

Section 2.2 Representations and Warranties of the NMFA. The NMFA represents as follows:

(a) Authorization of Agreement. The NMFA is a public body politic and corporate separate and apart from the State, constituting a governmental instrumentality, and has all necessary power and authority to enter into and perform and observe the covenants and agreements on its part contained in this Agreement and, by proper action, has duly authorized the execution and delivery of this Agreement.

(b) Legal, Valid and Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the NMFA enforceable in accordance with its terms.

ARTICLE III
AGREEMENT TERM

The Agreement Term shall commence on the Closing Date and shall terminate at the end of the Useful Life of the Project as required by NMSA 1978, § 72-4A-7, as amended, of the Act.

ARTICLE IV
LOAN/GRANT AGREEMENT CONDITIONS

Section 4.1 Conditions Precedent to Closing of Loan/Grant. Prior to the Closing Date, the following Conditions and readiness to proceed items shall be satisfied:

(a) The NMFA, on behalf of the Water Trust Board, shall have determined that the Borrower/Grantee has met the Conditions and readiness to proceed requirements established for the Loan/Grant by the NMFA and the Water Trust Board including any Conditions set out in the Term Sheet; and

(b) The Borrower/Grantee shall have provided written assurance addressed to the NMFA and signed by an attorney (or shall have provided a title insurance policy) that the Borrower/Grantee has proper title to or easements, rights of way, or permits on the real property upon or through which the Project is being constructed, located, completed or extended and; provided that if such written assurance has not been provided prior to the Closing Date, the Borrower/Grantee shall provide written assurance signed by an attorney that the Borrower/Grantee has the power of eminent domain and has initiated the exercise of such power for the purpose of acquiring proper title to, easements, rights of way permits on the real property on which the Project will be conducted and completed; and

(c) If any portion of the Project will be constructed, located, completed or extended on real property owned by a qualifying entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee shall have provided written assurance addressed to the NMFA and signed by an attorney (or shall have provided a title insurance policy) that such other qualifying entity has proper title to such real property; and

(d) Prior to the disbursement of any portion of the Loan/Grant Amount for purposes of construction of the Project, the plans and specifications funded with the proceeds of this Agreement will be approved by the NMFA as required by NMSA 1978, § 72-4A-7(B), as amended, or on behalf of the NMFA by the New Mexico Environment Department and the Office of the State of Engineer, and the Borrower/Grantee shall have provided written evidence of such approval to the NMFA; and

(e) Except as otherwise expressly provided in the Conditions, the Borrower/Grantee shall have certified to the Lender/Grantor that the Additional Funding Amount is available for the Project, and, in addition, shall have provided additional evidence reasonably acceptable to the Lender/Grantor of the availability of the Additional Funding Amount; and

(f) The Borrower/Grantee shall be in compliance with the provisions of this Agreement.

(g) Notwithstanding anything in this Agreement to the contrary, the NMFA shall not be obligated to execute the Agreement and may not make the Loan/Grant until the Borrower/Grantee has provided to the NMFA the documents listed on Exhibit "F" attached hereto, all of which must be in form and content acceptable to the NMFA.

Section 4.2 Determination of Eligibility Is Condition Precedent to Disbursement. No request for payment shall be made, nor shall any disbursement be made from the Water Project Fund, for any requisition of any portion of the Loan/Grant Amount, except upon a determination by the NMFA in its sole and absolute discretion that such disbursement is for payment of Eligible Items, and that the request for payment or disbursement does not exceed any limitation upon the amount payable for any Eligible Item pursuant to the Act, the Board Rules, and the Policies governing the Water Project Fund. The NMFA, as a condition precedent to submitting any request for payment to the State Board of Finance or making any requested disbursement from the Water Project Fund, may require submittal of such documentation as the NMFA deems necessary, in its sole and absolute discretion, for a determination whether any requested disbursement is for payment of Eligible Items and is fully consistent with the Act, the Board Rules, and the Policies, as applicable.

ARTICLE V
LOAN TO THE BORROWER/GRANTEE; GRANT TO THE BORROWER/GRANTEE; APPLICATION OF MONEYS

Section 5.1 Loan and Grant to the Borrower/Grantee.

(a) Loan to the Borrower/Grantee. The Lender/Grantor hereby lends to the Borrower/Grantee and the Borrower/Grantee hereby borrows from and agrees to pay to the order of the Lender/Grantor, without interest, an amount equal to the Loan Amount, with the principal amount of the Loan Amount being payable as provided by Article VI and Exhibit "B" of this Agreement.

(i) Super Subordinate Nature of Loan Amount and Administrative Fee Obligation. The obligation of the Borrower/Grantee to make the Loan Payments and to pay the Administrative Fee shall be subordinate to all other Senior Obligations and Subordinate Obligations and shall be on a parity with all Super Subordinate Obligations.

(ii) Administrative Fee. The Borrower/Grantee shall, on an annual basis beginning on the first payment date following the completion of the Project or exhaustion of all Loan/Grant Amounts as set out in Section 5.3 hereof, pay to the Lender/Grantor the Administrative Fee, taking into account both payments made by the Borrower/Grantee and Hardship Waivers granted to the Borrower/Grantee as provided by this Agreement. Any such Administrative Fee payment shall be due irrespective of whether or not a Hardship Waiver is granted to the Borrower/Grantee for the principal payment otherwise due on June 1 of the applicable year or any other year.

(iii) Hardship Waivers of Payment. Each year while any portion of the Loan Amount remains outstanding, no later than April 1 of each such year, the Borrower/Grantee may apply in writing to the NMFA for a determination of whether the annual principal payment on the Loan Amount otherwise due on the upcoming June 1 of such year should be forgiven because such payment would cause undue hardship for the Borrower/Grantee or the public it serves. The Borrower/Grantee shall submit such application to the NMFA for determination with sufficient documentation of the existence of such undue hardship as is reasonably required by the NMFA to make a determination, and the Borrower/Grantee shall promptly respond to additional requests for information from the NMFA. Such application for Hardship Waiver shall be executed by the Authorized Officers of the Borrower/Grantee. An "undue hardship" exists if the NMFA determines that the Borrower/Grantee is facing unforeseen events or an emergency that has caused the Borrower/Grantee to be unable to pay on a timely basis the annual principal payment on the Loan Amount. The NMFA may consult the Department of Finance and Administration in determining whether to grant the Hardship Waiver. The NMFA shall make a determination no later than May 15 of the applicable year, and the NMFA shall promptly communicate to the Borrower/Grantee in writing the results of its determination. Upon receipt of written notice of the determination, either the principal payment otherwise due on June 1 of such year shall be forgiven (in the event of a determination of undue hardship) or the principal payment shall remain outstanding and due and payable on June 1 (in the event no undue hardship is determined to exist).

(b) Grant and Acceptance. The Lender/Grantor hereby grants to the Borrower/Grantee and the Borrower/Grantee hereby accepts from the Lender/Grantor an amount equal to the Grant Amount.

(c) Project Account. The NMFA shall establish and maintain the Project Account as a book account only, on behalf of the Borrower/Grantee, which account shall be kept separate and apart from all other accounts of the NMFA.

(d) Constitutional and Statutory Debt Limitations. No provision of this Agreement shall be construed or interpreted as creating a general obligation or other indebtedness of the Water Trust Board, the NMFA, the State or the Borrower/Grantee within the meaning of any constitutional or statutory debt limitation.

Section 5.2 Application of Loan/Grant Amount. Following the determination by the NMFA in its sole and absolute discretion that the Conditions to the disbursement of the Loan/Grant Amount have been satisfied, the NMFA shall make an entry in its accounts, and in particular in the Project Account, reflecting the proceeds of the Loan/Grant Amount made available for disbursement from the Water Project Fund to the Borrower/Grantee at its request, and as needed by it to acquire and complete the Project, as provided in Section 7.2 of this Agreement.

Section 5.3 Final Requisition. The Final Requisition shall be submitted by the Borrower/Grantee within the Interim Period. The Interim Period may be extended only as approved in writing by an Authorized Officer of the NMFA, based on the Borrower/Grantee's demonstration, to the reasonable satisfaction of the Authorized Officer of the NMFA, that unanticipated circumstances beyond the control of the Borrower/Grantee resulted in delaying the acquisition and completion of the Project, and submission of the Borrower/Grantee's Final Requisition.

Section 5.4 Investment of Monies. Money in the Water Project Fund, representing proceeds of this Agreement, held and administered by the NMFA, may be invested by the NMFA for the credit of the Water Project Fund.

ARTICLE VI
LOAN PAYMENTS BY THE BORROWER/GRANTEE

Section 6.1 Loan to the Borrower/Grantee; Payment Obligations Limited to Pledged Revenues; Pledge of Pledged Revenues. The NMFA hereby lends to the Borrower/Grantee and the Borrower/Grantee hereby borrows from the NMFA an amount not to exceed the Loan Amount. The Borrower/Grantee promises to pay, but solely from the sources pledged herein, the Loan Payments and the Administrative Fees and other amounts owed by the Borrower/Grantee as herein provided. Subject to the superior lien of any Senior Obligations and Subordinate Obligations, and in accordance with the priority of payment provisions set forth in Section 18.05 of the Master Ordinance, the Borrower/Grantee does hereby grant a super subordinate lien on and a security interest in and does hereby convey, assign and pledge unto the NMFA and unto its successors in trust forever all right, title and interest of the Borrower/Grantee in and to (i) the Pledged Revenues on a parity with the Super Subordinate Obligations and subordinate to the Senior Obligations and Subordinate Obligations, to the extent required to pay the Loan Payments, and to pay the Administrative Fees and other amounts owed by the Borrower/Grantee as herein provided; (ii) the Loan/Grant Amount including the Project Account; and (iii) all other rights hereinafter granted, for the securing of the Borrower/Grantee's obligations under this Agreement, including payment of the Loan Payments, Administrative Fees and other amounts owed by the Borrower/Grantee as herein provided, however, that if the Borrower/Grantee, its successors or assigns, shall pay, or cause to be paid, all Loan Payments and Administrative Fees at the time and in the manner contemplated by this Agreement, or shall provide as permitted by Section 6.5 of this Agreement for the payment thereof, and shall pay all other amounts due or to become due under this Agreement in accordance with its terms and provisions then, upon such final payment, this Agreement and the rights created thereby shall terminate; otherwise, this Agreement shall remain in full force and effect.

The schedule of Loan Payments, assuming the disbursal of the entire Loan/Grant Amount within twenty-four (24) months after the Closing Date, identified as the Interim Debt Service Schedule, is attached to this Agreement as Exhibit "B". Within thirty (30) days after the Final Requisition is made, the NMFA shall provide a Final Debt Service Schedule, reflecting the amount of the Loan/Grant Amount actually disbursed to the Borrower/Grantee pursuant to this Agreement. Such Final Debt Service Schedule shall supersede the schedule attached hereto as Exhibit "B". The NMFA shall additionally calculate the amount of the Administrative Fee that has accumulated during that twenty-four (24) month period from the Closing Date, and shall include such amount in the first Loan Payment due from the Borrower/Grantee on the Final Debt Service Schedule.

The pledge of the Pledged Revenues and the super subordinate lien thereon shall be effective upon the Closing Date. The Borrower/Grantee and the NMFA acknowledge and agree that the obligations of the Borrower/Grantee hereunder are limited to the Pledged Revenues; and that this Agreement with respect to the Loan Amount, the Administrative Fee and other amounts owed by the Borrower/Grantee as herein provided, and that the Agreement shall constitute a special, limited obligation of the Borrower/Grantee. No provision of this Agreement shall be construed or interpreted as creating a general obligation or other indebtedness of the Borrower/Grantee or the State within the meaning of any constitutional or statutory debt limitation. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of Borrower/Grantee moneys other than the Pledged Revenues, nor shall any provision of this Agreement restrict the future issuance of any bonds or obligations payable from any class or source of Borrower/Grantee moneys other than the Pledged Revenues. In addition, to the extent not required for the payment of obligations of the Borrower/Grantee hereunder, the Pledged Revenues may be utilized by the Borrower/Grantee for any other purposes permitted by law.

Section 6.2 Deposit of Payments of Loan Amount to Water Project Fund. All Loan Payments made by the Borrower/Grantee to the NMFA to repay the Loan Amount and interest thereon, if any, shall be deposited into the Water Project Fund.

Section 6.3 Manner of Payment. The Loan Amount and Administrative Fee shall be payable by the Borrower/Grantee to the Lender/Grantor in annual installments on June 1 beginning after expiration of the Interim Period and continuing through the expiration of the last Loan Payment due as outlined in the Final Debt Service Schedule. All payments of the Borrower/Grantee hereunder shall be paid in lawful money of the United States of America to the NMFA at the address designated in Section 11.1 of this Agreement or by electronic debit of the account identified in the ACH Authorization. The obligation of the Borrower/Grantee to make payments hereunder, from and to the extent of the available Pledged Revenues, shall be absolute and unconditional in all events, except as expressly provided hereunder. Notwithstanding any dispute between the Borrower/Grantee and the NMFA, any vendor or any other person, the Borrower/Grantee shall make all deposits hereunder, from and to the extent of the available Pledged Revenues, when due and shall not withhold any deposit hereunder pending final resolution of such dispute, nor shall the Borrower/Grantee assert any right of set-off or counterclaim against its obligation to make such deposits required hereunder.

Section 6.4 Borrower/Grantee May Budget for Payments. The Borrower/Grantee may, in its sole discretion, but without obligation and subject to the Constitution of the State, governing laws, and its budgetary requirements, make available properly budgeted and legally available funds to make the Loan Payments and other amounts owed by the Borrower/Grantee hereunder; provided, however, the Borrower/Grantee has not covenanted and cannot covenant to make such funds available and has not pledged any of such funds for such purpose.

Section 6.5 No Penalty for Prepayment of the Loan Amount. The Loan Amount shall be pre-payable by the Borrower/Grantee at the conclusion of the Interim Period without penalty.

Section 6.6 Lender/Grantor's Release of Lien and Further Assurances. Upon payment in full of the Loan Amount, Administrative Fee and other amounts owed by the Borrower/Grantee as herein provided in this Agreement and upon written request from the Borrower/Grantee the Lender/Grantor agrees to execute a release of lien and to give such further assurances as are reasonably necessary to ensure that the Lender/Grantor no longer holds or maintains any lien or claim against the Pledged Revenues.

ARTICLE VII
THE PROJECT

Section 7.1 Agreement to Acquire, Complete and Maintain the Project.

(a) The Borrower/Grantee hereby agrees that in order to effectuate the purposes of this Agreement and to acquire and complete the Project it shall take such steps as are necessary and appropriate to acquire, complete, operate and maintain the Project lawfully and efficiently. The Project shall be designed so as to incorporate the available technologies and operational design for water use efficiency. The plans and specifications shall be approved by the NMFA or on behalf of the NMFA by the New Mexico Environment Department prior to the disbursement of any part of the Loan/Grant Amount for construction of the Project, and the Project shall be constructed and completed substantially in accordance with the approved plans and specifications**.** No Loan/Grant funds shall be used for items not constituting Eligible Items.

(b) As provided by NMSA 1978, § 72-4A-7(A)(1), as amended, of the Act, the Borrower/Grantee shall operate and maintain the Project in good operating condition and repair at all times during the Useful Life of the Project, so that the Project will function properly over the Useful Life of the Project; provided, that if any portion of the Project will be constructed, located, completed, installed or extended on real property owned by a qualifying entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee may, prior to any use of the Loan/Grant funds for the Project on such real property, obtain the written agreement of such other qualifying entity to perform these obligations with respect to such real property (and the portion of the Project to be constructed, located, completed or extended on such real property), which written agreement shall be subject to approval by the Lender/Grantor and shall include an express statement by such other qualifying entity that the Lender/Grantor is a third party beneficiary of such written agreement.

Section 7.2 Accounting for Amounts Credited to the Project Account. So long as no Event of Default shall occur and provided that all Conditions to the disbursement of the Loan/Grant Amount have been satisfied (including approval of the plans and specifications), upon receipt by the NMFA of a requisition substantially in the form of Exhibit "C" attached hereto signed by an Authorized Officer of the Borrower/Grantee, supported by certification by the Borrower/Grantee's project architect, engineer, or such other authorized representative of the Borrower/Grantee that the amount of the disbursement request represents the progress of design, construction, acquisition or other Project-related activities accomplished as of the date of the disbursement request, the NMFA shall, in its sole and absolute discretion: (1) submit a request for payment to the State Board of Finance for payment; and/or (2) disburse from the Water Project Fund, amounts which together are sufficient to pay the requisition in full. The NMFA shall make the appropriate entry in the Project Account reflecting the amount of the payment. The certification provided pursuant to this Section 7.2 in support of the requisition must be acceptable in form and substance to the NMFA and, at its request, the Water Trust Board. The Borrower/Grantee shall provide such records or access to the Project as the NMFA, and, at its request, the Water Trust Board, in the discretion of each, may request in connection with the approval of the Borrower/Grantee's requisition requests made hereunder.

Section 7.3 No Disbursement for Prior Expenditures Except upon Approval. No disbursement shall be made from the Water Project Fund of the Loan/Grant Amount, or any portion thereof, without the written approval of the NMFA and, at its request, the Water Trust Board, to reimburse any expenditure made prior to the Closing Date.

Section 7.4 Borrower/Grantee Reporting to Lender/Grantor. During the acquisition implementation, installation and construction of the Project, the Borrower/Grantee shall provide the Lender/Grantor with a quarterly written report executed by an Authorized Officer of the Borrower/Grantee, in the form attached as Exhibit "D" hereto or in another form reasonably acceptable to the Lender/Grantor, describing the status of the Project as of the report date, uses of Loan/Grant funds during the quarterly period ending on the report date, and requests for distributions of Loan/Grant funds anticipated to occur during the quarterly period immediately following the report date. The first quarterly report shall be due on September 30, 2026 and subsequent reports shall be due on each March 31, June 30, September 30 and December 31 thereafter until the report date next following final distribution of the Loan/Grant funds. No reports shall be required after the report date next following final distribution of the Loan/Grant Funds, unless specifically required by the NMFA or the Water Trust Board. The description of the status of the Project in each quarterly report shall include, among other information, (a) a comparison of actual and anticipated requests for distributions of Loan/Grant funds as of the report date with those anticipated as of the Closing Date, (b) a description of actual and anticipated changes in the cost estimates for the Project as of the report date compared with those anticipated as of the Closing Date, (c) a description of the percentage of completion of the Project; and (d) a timeline of projected milestones.

Section 7.5 Completion of Disbursement of Loan/Grant Funds. Upon completion of the Project an Authorized Officer of the Borrower/Grantee shall deliver a certificate to the NMFA substantially in the form of Exhibit "E" attached hereto, stating that, to his or her knowledge, either (1) the Project has been completed, or (2) that the portion of the Loan/Grant Amount needed to complete the Project has been disbursed in accordance with the terms of this Agreement. No portion of the Loan/Grant Amount shall be disbursed after expiration of the Interim Period.

Section 7.6 Application of Project Account Subsequent to Disbursement of Loan/Grant Funds; Termination of Pledge.

(a) Upon the completion of the Project as signified by delivery of the completion certificate required by Section 7.5 hereof, the NMFA shall determine, by reference to the Project Account, whether any portion of the authorized Loan/Grant Amount remains unexpended and shall dispose of such unexpended proceeds in accordance with law.

(b) In the event that a portion of the Loan/Grant Amount remains unexpended after the expiration of the Interim Period, the NMFA shall dispose of such funds in accordance with law.

Upon the occurrence of either event described in (a) or (b) above, the NMFA shall make the appropriate entry in the Project Account and, upon such entry, the pledge of the Loan/Grant Amount established in this Agreement shall terminate.

ARTICLE VIII
COMPLIANCE WITH LAWS AND RULES; OTHER COVENANTS

Section 8.1 Further Assurances and Corrective Instruments. The Lender/Grantor and the Borrower/Grantee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or of the Pledged Revenues and for carrying out the intention hereof.

Section 8.2 Representatives of Lender/Grantor or of Borrower/Grantee. Whenever under the provisions hereof the approval of the Lender/Grantor or the Borrower/Grantee is required, or the Borrower/Grantee, or the Lender/Grantor is required to take some action at the request of either of them, such approval or such request shall be given for the Lender/Grantor or for the Borrower/Grantee, by an Authorized Officer of the Lender/Grantor or the Borrower/Grantee, as the case may be, and any party hereto shall be authorized to act on any such approval or request.

Section 8.3 Selection of Contractors. All contractors providing services or materials in connection with the Project shall be selected in accordance with applicable provisions of the New Mexico Procurement Code, NMSA 1978, §§ 13-1-28 through 13-1-199, as amended, or, if the Borrower/Grantee is not subject to the New Mexico Procurement Code, shall be selected in accordance with a documented procurement process duly authorized and established pursuant to laws and regulations applicable to the Borrower/Grantee.

Section 8.4 Non-Discrimination in Employment. Except as otherwise specifically provided in the laws, statutes, ordinances or regulations of the Borrower/Grantee, the Borrower/Grantee shall require in any contract or subcontract executed in connection with the Project to which the Borrower/Grantee is a party that there shall be no discrimination against any employee or applicant for employment because of race, color, creed, sex, religion, sexual preference, ancestry or national origin.

Section 8.5 Little Miller Act. To the extent NMSA 1978, § 13-4-1 et seq., (the "Little Miller Act") is applicable to the Project, the Borrower/Grantee shall comply with the requirements of the "Little Miller Act". If bonding requirements of the Little Miller Act are not applicable to the Project, the Borrower/Grantee will require that the contractor to whom is given any contract for construction appertaining to the Project supply a performance bond or bonds satisfactory to the Borrower/Grantee. Any sum or sums derived from said performance bond or bonds shall be used within six (6) months after such receipt for the completion of said construction, and if not so used within such period, shall be treated as Gross Revenues.

Section 8.6 Required Contract Provisions. The Borrower/Grantee shall require the following provisions in any contract or subcontract executed in connection with the Project to which the Borrower/Grantee is a party:

(a) There shall be no discrimination against any employee or applicant for employment because of race, color, creed, sex, religion, sexual preference, ancestry or national origin; and

(b) Any contractor or subcontractor providing construction services in connection with the Project shall post a performance and payment bond in accordance with the requirements of NMSA 1978, § 13-4-18, as amended.

(c) Any contractor or subcontractor providing construction services in connection with the Project shall comply with the prevailing wage laws in accordance with the requirements of NMSA 1978, § 13-4-11, as amended.

Section 8.7 Application of Act and Board Rules. While this Agreement is outstanding, the Lender/Grantor and the Borrower/Grantee expressly acknowledge that this Agreement is governed by provisions and requirements of the Act and the Board Rules, as amended and supplemented, and all applicable provisions and requirements of the Act and Board Rules are incorporated into this Agreement by reference.

Section 8.8 Continuing Disclosure. The Borrower/Grantee shall provide continuing disclosure to the NMFA, as the NMFA may require, that shall include, but not be limited to: annual audits and notification of any event deemed material by the NMFA, including but not limited to, any event which may or does affect the Pledged Revenues, the ability of the Borrower/Grantee to repay the loan, and the default of the Borrower/Grantee in performance or observance of any covenant, term, or condition contained in any other loan agreement.

ARTICLE IX
INSURANCE; NON-LIABILITY OF LENDER/GRANTOR

Section 9.1 Insurance. The Borrower/Grantee shall carry general liability insurance or participate in the State's risk-management program and, to the extent allowed by the New Mexico Tort Claims Act, NMSA 1978, §§ 41-4-1 through 41-4-30, as amended, shall and hereby agrees to name the Lender/Grantor as an additional insured with respect to all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the acquisition, completion or implementation of the Project or otherwise during the Agreement Term; provided, that if any portion of the Project will be constructed, located, completed or extended on real property owned by a qualifying entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee may obtain the written agreement of such other qualifying entity to perform these insurance/risk-management program requirements for Borrower/Grantee with respect to such real property (and the portion of the Project to be constructed, located, completed or extended on such real property), which written agreement shall include an express statement by such other qualifying entity that the Lender/Grantor is a third party beneficiary of such written agreement.

Section 9.2 Non-Liability of Lender/Grantor.

(a) Lender/Grantor shall not be liable in any manner for the Project, Borrower/Grantee's use of the Loan/Grant, the acquisition, implementation, construction, installation, ownership, operation or maintenance of the Project, or any failure to act properly by the Borrower/Grantee or any other owner or operator of the Project.

(b) Lender/Grantor shall not be liable for the refusal or failure of any other agency of the State to transfer any portion of the Loan/Grant Amount in its possession, custody and control to the NMFA for disbursement to the Borrower/Grantee, or to honor any request for such transfer or disbursement of the Loan/Grant Amount.

(c) From and to the extent of the Pledged Revenues, and to the extent permitted by law, the Borrower/Grantee shall and hereby agrees to indemnify and save the NMFA harmless against and from all claims, by or on behalf of any person, firm, corporation, or other legal entity, arising from the acquisition or operation of the Project during the Agreement Term, from: (i) any act of negligence or other misconduct of the Borrower/Grantee, or breach of any covenant or warranty by the Borrower/Grantee hereunder; and (ii) the incurrence of any cost or expense in connection with the acquisition or operation of the Project in excess of the Loan/Grant Agreement proceeds and interest on the investment thereof. The Borrower/Grantee shall indemnify and save the NMFA harmless, from and to the extent of the available Pledged Revenues, and to the extent permitted by applicable law, from any such claim arising as aforesaid from (i) or (ii) above, or in connection with any action or proceeding brought thereon and, upon notice from the NMFA, shall defend the NMFA in any such action or proceeding.

ARTICLE X
EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default Defined. Any one of the following shall be an "Event of Default" under this Agreement:

(a) Failure by the Borrower/Grantee to pay any amount required to be paid under this Agreement on the date on which it is due and payable;

(b) Failure by the Borrower/Grantee to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower/Grantee by the Lender/Grantor unless the Lender/Grantor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice can be wholly cured within a period of time not materially detrimental to the rights of the Lender/Grantor but cannot be cured within the applicable thirty (30) day period, the Lender/Grantor will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower/Grantee within the applicable period and diligently pursued until the failure is corrected; and provided, further, that if by reason of force majeure the Borrower/Grantee is unable to carry out the agreements on its part herein contained, the Borrower/Grantee shall not be deemed in default under this paragraph 10.1(b) during the continuance of such inability (but force majeure shall not excuse any other Event of Default); or

(c) Any warranty, representation or other statement by or on behalf of the Borrower/Grantee contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement is false or misleading in any material respect;

(d) A petition is filed against the Borrower/Grantee under any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within thirty (30) days after such filing, but the NMFA shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests;

(e) The Borrower/Grantee files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under any such law; or

(f) The Borrower/Grantee admits insolvency or bankruptcy or its inability to pay its debts as they become due or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including, without limitation, a receiver, liquidator or trustee) of the Borrower/Grantee for any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than thirty (30) days, but the NMFA shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests.

(g) Default by the Borrower/Grantee in performance or observance of any covenant contained in any other loan agreement, document or instrument of any type whatsoever evidencing or securing obligations of the Borrower/Grantee to the NMFA.

Section 10.2 Remedies on Default. Whenever any Event of Default has occurred and is continuing and subject to Section 10.3 hereof, the Lender/Grantor may take any or all of the following actions as may appear necessary or desirable to collect the payments then due and to become due or to enforce performance of any obligations of the Borrower/Grantee in this Agreement:

(a) File a mandamus proceeding or other action or proceeding or suit at law or in equity to compel the Borrower/Grantee to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained herein;

(b) Terminate this Agreement;

(c) Cease disbursing any further amounts from the Project Account;

(d) Demand that the Borrower/Grantee immediately repay the Loan/Grant Amount or any portion thereof if such funds were not utilized in accordance with this Agreement;

(e) File a suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Lender/Grantor;

(f) Intervene in judicial proceedings that affect this Agreement or the Pledged Revenues; or

(g) Cause the Borrower/Grantee to account as if it were the trustee of an express trust for all of the Pledged Revenues;

(h) Take whatever other action at law or in equity may appear necessary or desirable to collect amounts then due and thereafter to become due under this Agreement or to enforce any other of its rights hereunder; or

(i) Apply any amounts in the Project Account toward satisfaction of any and all fees and costs incurred in enforcing the terms of this Agreement.

Section 10.3 Limitations on Remedies. A judgment requiring payment of money entered against the Borrower/Grantee shall be paid from only available Pledged Revenues unless the Borrower/Grantee in its sole discretion pays the judgment from other available funds.

Section 10.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lender/Grantor is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Borrower/Grantee or the Lender/Grantor to exercise any remedy reserved in this Article X, it shall not be necessary to give any notice, other than such notice as may be required in this Article X.

Section 10.5 Waivers of Events of Default. The Lender/Grantor may, in its sole discretion, waive any Event of Default hereunder and the consequences of any such Event of Default; provided, however, all expenses of the Lender/Grantor in connection with such Event of Default shall have been paid or provided for. Such waiver shall be effective only if made by a written statement of waiver issued by the NMFA. In case of any such waiver or rescission, or in case any proceeding taken by the Lender/Grantor, on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case, the Lender/Grantor shall be restored to its former position and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 10.6 No Additional Waiver Implied by One Waiver. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be in writing and limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.7 Agreement to Pay Attorneys' Fees and Expenses. In the event that the Borrower/Grantee shall default under any of the provisions hereof and the NMFA shall employ attorneys or incur other expenses for the collection of payments hereunder, or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower/Grantee herein contained, the Borrower/Grantee agrees that it shall, on demand therefor, pay to the NMFA the fees of such attorneys and such other expenses so incurred, to the extent such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction; provided, however, that the obligation of the Borrower/Grantee under this Section shall be limited to expenditures from and to the extent of the available Pledged Revenues of the Borrower/Grantee.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered as follows:

If to the Borrower/Grantee, to:

City of Las Cruces
Attn.: City Financial Services Director and City Treasurer
700 N. Main St.
Las Cruces, New Mexico 88001

If to the NMFA, then to:

New Mexico Finance Authority
Attn.: Chief Executive Officer
810 West San Mateo Road
Santa Fe, NM 87505

The Borrower/Grantee or the Lender/Grantor may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.2 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Lender/Grantor and the Borrower/Grantee and their respective successors and assigns, if any.

Section 11.3 Integration. This Agreement and any other agreements, certifications and commitments entered into between the Lender/Grantor and the Borrower/Grantee on the Closing Date constitute the entire agreement of the parties regarding the Loan/Grant and the funding of the Project through the Loan/Grant as of the Closing Date, and the terms of this Agreement supersede any prior applications, discussions, understandings or agreements between or among the parties in connection with the Loan/Grant, to the extent such prior applications, discussions, understandings or agreements are inconsistent with this Agreement.

Section 11.4 Amendments. This Agreement may be amended only with the written consent of both of the parties hereto. The consent of the NMFA for amendments not affecting the terms of payment of the loan component of this Agreement may be given by an Authorized Officer of the NMFA. The execution of any such consent by an Authorized Officer of the NMFA shall constitute his or her determination that such amendment does not affect the terms of payment of the loan component of this Agreement.

Section 11.5 No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any member, employee, director or officer, as such, past, present or future, of the Lender/Grantor, either directly or through the NMFA, or against any officer, employee, director or member of the Borrower/Grantee, past, present or future, as an individual so long as such individual was acting in good faith. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer, employee, director or member of the Borrower/Grantee or of the NMFA is hereby expressly waived and released by the Borrower/Grantee and by the NMFA as a condition of and in consideration for the execution of this Agreement.

Section 11.6 Severability. In the event that any provision of this Agreement, other than the obligation of the Borrower/Grantee to make the Loan Payments and the Administrative Fee hereunder, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.7 Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.9 Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 11.10 Further Assurances and Corrective Instruments. The NMFA and the Borrower/Grantee will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or of the Pledged Revenues, or for otherwise carrying out the intention hereof.

Section 11.11 NMFA and Borrower/Grantee Representatives. Whenever under the provisions hereof the approval of the NMFA or the Borrower/Grantee is required, or the Borrower/Grantee or the NMFA is required to take some action at the request of the other, such approval or such request shall be given for the NMFA or for the Borrower/Grantee by an Authorized Officer of the NMFA or the Borrower/Grantee, as the case may be, and any party hereto shall be authorized to act on any such approval or request.

Section 11.12 CONSENT TO JURISDICTION. THE BORROWER/GRANTEE IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS IN ANY WAY ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE DOCUMENTS SIGNED IN CONNECTION WITH THIS TRANSACTION WILL BE LITIGATED IN THE FIRST JUDICIAL DISTRICT COURT, SANTA FE COUNTY, NEW MEXICO, PURSUANT TO NMSA 1978, § 6-21-26.

[Signature pages follow]

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the NMFA, on behalf of itself, has executed this Agreement, which was approved by the Water Trust Board on April 22, 2025 and by the NMFA's Board of Directors on May 22, 2025, in its corporate name by its duly authorized officer; and the Borrower/Grantee has caused this Agreement to be executed in its corporate name and the seal of the Borrower/Grantee affixed and attested by its duly authorized officers. All of the above are effective as of the date first above written.

LENDER/GRANTOR:

NEW MEXICO FINANCE AUTHORITY

By____
Marquita D. Russel, Chief Executive Officer

PREPARED FOR EXECUTION BY OFFICERS OF THE
NEW MEXICO FINANCE AUTHORITY:

Sutin, Thayer & Browne A Professional Corporation
As Loan/Grant Counsel

By____
Eduardo A. Duffy

APPROVED FOR EXECUTION BY OFFICERS OF THE
NEW MEXICO FINANCE AUTHORITY:

By____
Mark Chaiken, General Counsel

BORROWER/GRANTEE:

CITY OF LAS CRUCES, NEW MEXICO

By______________________________________
Eric Enriquez, Mayor

[SEAL]

ATTEST:

By______________________________________
Christine Rivera, City Clerk

EXHIBIT "A"

TERM SHEET

$1,969,331 WATER PROJECT FUND LOAN/GRANT TO THE CITY OF LAS CRUCES, NEW MEXICO

Project Description:	The Project is for storage, conveyance or delivery of water to end users. The Loan/Grant Amount will be used only for Eligible Items necessary to complete the Project. In particular, the Project will consist of designing, constructing and repairing Las Alturas Del Sol water storage tank and booster station, and shall include such other related work and revisions necessary to complete the Project. The Project may be further described in the Application and in the final plans and specifications for the Project approved by the Water Trust Board and the NMFA as provided by this Agreement. However, in the event of any inconsistency, the description of the Project as stated in this Term Sheet shall control.
Grant Amount:	$1,772,398
Loan Amount:	$196,933
Pledged Revenues:	"Pledged Revenues" means the Net System Revenues of the System of the Borrower/Grantee pledged to the payment of the Loan Payments and Administrative Fees pursuant to the Ordinance and the Agreement.
Outstanding Senior Obligations for Pledged Revenues (referred to as Parity Bonds in the Master Ordinance):	Series 2014B, Series 2015, Series 2015A, Series 2016, Series 2017 (PPRF-4222), Series 2020, Series 2020A (PPRF-5236)
Outstanding Subordinate Obligations for Pledged Revenues:	Series 2018, Series 2020B (PPRF-5237), 2023 Clean Water State Revolving Fund Loan (CWSRF-128), 2024 DW-6255, DW-6674
Outstanding Super Subordinate Obligations for Pledged Revenues:	WPF-6289

Authorizing Legislation:	Borrower/Grantee Ordinance No. ________, adopted June 15, 2026
Additional Funding Amount:	$219,000
Closing Date:	July 24, 2026
Project Account Amount:	$1,969,331
Expense Account Deposit:	$0.00
Administrative Fee:	0.25%

Conditions to be satisfied prior to first disbursement of Loan/Grant funds: Delivery to NMFA of (i) a copy of the agenda of the meeting of the Governing Body at which the Ordinance was adopted and at which this Agreement, the Ordinance and all other Loan/Grant documents were authorized by the Governing Body (the "Meeting"), certified as a true and correct copy by the City Clerk of the Borrower/Grantee, (ii) a copy of the minutes or record of proceedings of the Meeting, approved and signed by the Mayor and attested to by the City Clerk of the Borrower/Grantee, and (iii) a copy of the notice of meeting for the Meeting evidencing compliance with the Borrower/Grantee's Open Meetings standards in effect on the date of the Meeting.

Other Conditions applicable to the Loan/Grant: All Conditions defined in the Agreement. Approval of plans and specification by the NMFA or on behalf of the NMFA by the New Mexico Environment Department prior to submission by Borrower/Grantee of a requisition for disbursement of construction funds and all Conditions defined in the Agreement.

EXHIBIT "B"

PAYMENT PROVISIONS OF THE LOAN

The Loan Amount and Administrative Fee shall be payable by the Borrower/Grantee to the Lender/Grantor in twenty annual installments of principal pursuant to the attached debt service schedule, beginning June 1, 2029 and ending June 1, 2048. The Loan Amount shall be pre-payable upon expiration of the Interim Period without penalty. The Administrative Fee shall be due and payable annually on June 1 of each year while the Loan, or any portion thereof, remains outstanding.

EXHIBIT "C"

FORM OF REQUISITION
(Water Project Fund)

RE: $1,969,331 Loan/Grant Agreement by and between the New Mexico Finance Authority, as Lender/Grantor, and the City of Las Cruces, New Mexico, as Borrower/Grantee (the "Agreement" or "Loan/Grant Agreement")

Loan/Grant No. WPF-6580 Closing Date: July 24, 2026

TO: NEW MEXICO FINANCE AUTHORITY

You are hereby authorized to disburse from the Project Account with regard to the above-referenced Agreement, the following:

I. PAYMENT INFORMATION

REQUISITION NO. ____________ PAYMENT AMOUNT: $_______________

PAYEE'S NAME: ____
PAYEE'S ADDRESS: ____
____

II. REQUISITION INFORMATION (complete for all payments)

- *Attach proof of expenditures (cancelled check, wire transfer receipt, bank ledger, etc.).*
- *List all Vendors, Payment Purposes, or Eligible Item Categories below or attach separate page or spreadsheet if needed.*

Vendor Name ____
Total Amount $_______________________ Invoice No.(s) ________________________
Purpose of Payment ____
Eligible Item Category ____

Vendor Name ____
Total Amount $_______________________ Invoice No.(s) ________________________
Purpose of Payment ____
Eligible Item Category ____

Vendor Name ____
Total Amount $_______________________ Invoice No.(s) ________________________
Purpose of Payment ____
Eligible Item Category ____

III. WIRING INFORMATION:

BANK NAME:	
ABA ROUTING NUMBER:	
ACCOUNT NUMBER:	

IV. MATCH INFORMATION

AMOUNT OF LOCAL MATCH EXPENDED SINCE LAST REQUISITION: $____________

Attach proof of expenditures for hard match (detailed invoices, cancelled checks, wire transfer receipt, bank statement, etc.) and written certification of type and value of any soft match.

AMOUNT OF LOCAL MATCH EXPENDED TO DATE: $_________________

TOTAL REQUIRED MATCH: $219,000

V. VERIFICATION AND AUTHORIZATION

Each obligation, item of cost or expense mentioned herein is for a loan/grant made by the Lender/Grantor pursuant to the Water Project Finance Act to the Borrower/Grantee within the State of New Mexico, is due and payable, has not been the subject of any previous requisition, and is a proper charge against the Project Account. All representations contained in the Agreement and the related closing documents remain true and correct, and the Borrower/Grantee is not in breach of any of the covenants contained therein.

The proceeds of the Loan/Grant are to be used to pay the costs of Eligible Items, as defined in the Agreement. Eligible Items include (1) planning, designing, construction, improving or expanding a qualified project; (2) developing engineering feasibility reports for Qualified Projects; (3) inspecting construction of Qualified Projects; (4) providing professional services; (5) completing environmental assessments or archeological clearances and other surveys for Qualified Projects; (6) acquiring land, easements or rights of way; (7) eligible legal costs associated with development of Qualified Projects, within limits set forth in the Loan/Grant Agreement.

All construction and all installation of equipment with proceeds of the Loan/Grant has or will be used in accordance with plans and/or specifications approved on behalf of the New Mexico Finance Authority by the New Mexico Environment Department and/or the Office of the State Engineer, has or will be acquired in compliance with applicable procurement laws and regulations, and has or will be inspected and approved in accordance with applicable laws and regulations.

Capitalized terms used herein, are used as defined or used in the Loan/Grant Agreement.

DATE: __________________

____

AUTHORIZED OFFICER

(As Provided in the Loan/Grant Agreement)

Print Name:_________________________________

Print Title: _________________________________

EXHIBIT "D"

WATER PROJECT FUND STATUS REPORT
PREPARED FOR THE
NEW MEXICO FINANCE AUTHORITY

Fund Recipient: City of Las Cruces **Contact Name:** **Title:** **Email Address:**	**Project Number**: WPF-6580 **Project Name**: Las Alturas Del Sol Water Tank Rehab **Project Type**: Design/Construction

Reporting Period: From ______________________ **To**_______________________

☐ Quarterly Project Report: ☐1st ☐2nd ☐3rd ☐4th

☐ Final Project Report ☐ Other _______________________________

WPF Funding Expiration: _______________________

Total WPF Award: $___________________ **Current Balance**: $____________________

Loan 10% Grant 90% Match $219,000

Expected WPF Award Expenditure Next Quarter: $______________________________

Local Match Expenditure: To Date $_____________ **Next Quarter** $_______________

Project Phase: ☐Planning ☐ Design ☐ Construction

PROJECT COMPLETION: Original Date ______________ **Current Date**______________

______**% Complete** **Days Remaining to Complete** _____ **On Schedule?** ☐**Yes** ☐**No**

Briefly Describe Project Progress During This Reporting Period:

Issues Addressed During This Reporting Period, including any current or anticipated issues that remain unresolved:

Goals/Milestones, With Timeline or Dates, For The Next Reporting Period:

Authorized Officer **PRINT NAME:**___________________________________

PRINT TITLE:____________________________________

SIGNATURE: **Date:**

All fields must be completed.

EXHIBIT "E"

FORM OF CERTIFICATE OF COMPLETION

RE: $1,969,331 Loan/Grant Agreement by and between the NMFA, as Lender/Grantor, and the City of Las Cruces, New Mexico as Borrower/Grantee (the "Agreement" or "Loan/Grant Agreement")

Loan/Grant No. WPF-6580

Closing Date: July 24, 2026

TO: NEW MEXICO FINANCE AUTHORITY

I, ________________________________, the ________________________________ of the
[Name] [Title or position]

Borrower/Grantee, hereby certify as follows:

1. The project described in the Loan/Grant Agreement (the "Project"), or the applicable phase of the project if funding was for a phased Project, was completed and placed in service on ________________________, 20___.

2. The total cost of the Project was $ ___________.

3. Cost of the Project paid from the Loan/Grant Amount was $ ______________.

4. Cost of the Project paid from the Additional Funding Amount was $ _________.

5. The portion of the Loan/Grant Amount unexpended for the Project is $ ________.

6. The Project was completed and is and shall be used consistent with and subject to the covenants set forth in the Loan/Grant Agreement.

This certificate shall not be deemed to prejudice or affect any rights of or against third parties which exist at the date of this certificate or which may subsequently come into being.

CITY OF LAS CRUCES, NEW MEXICO

By: ____________________________________

Its: ____________________________________

<u>EXHIBIT "F"</u>

DOCUMENTS

1. Open Meetings Act Resolution No. 26-068 adopted by the Borrower/Grantee on December 1, 2025

2. Ordinance No. ________ adopted on June 15, 2026, Notice of Meeting, Meeting Agenda, Minutes and Affidavit of Publication of Notice of Adoption of Ordinance in the *Las Cruces Sun-News*

3. Loan/Grant Agreement

4. General and No Litigation Certificate of the Borrower/Grantee

5. Delivery, Deposit and Cross-Receipt Certificate

6. Right of Way Certificate (to be executed prior to construction funding)

7. Pledged Revenue Certificate

8. Final Opinion of Counsel for the Borrower/Grantee

9. Approving Opinion of Sutin, Thayer & Browne A Professional Corporation, Loan/Grant Counsel to the NMFA

10. NMFA Application and Project Approval (informational only)

CITY OF LAS CRUCES, NEW MEXICO
ORDINANCE NO. _______; COUNCIL BILL _________

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND SUBORDINATE LIEN LOAN/GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY ("NMFA") AND THE CITY OF LAS CRUCES (THE "BORROWER/GRANTEE"), IN THE TOTAL AMOUNT OF $1,969,331, INCLUDING A GRANT IN THE AMOUNT OF $1,772,398, AND A LOAN IN THE AMOUNT OF $196,933 EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF DESIGNING, CONSTRUCTING AND REPAIRING LAS ALTURAS DEL SOL WATER STORAGE TANK AND BOOSTER STATION, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE SUPER SUBORDINATE LIEN PLEDGE AND PAYMENT OF THE LOAN AMOUNT AND AN ADMINISTRATIVE FEE SOLELY FROM THE NET SYSTEM REVENUES OF THE JOINT WATER, WASTEWATER, AND GAS UTILITY SYSTEM OF THE BORROWER/GRANTEE; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

Capitalized terms used in the following preambles have the same meaning as defined in this Ordinance unless the context requires otherwise.

WHEREAS, unless otherwise defined in Article I or elsewhere in this supplemental ordinance (the "Ordinance") or unless the context requires otherwise, capitalized terms in the following preambles have the same meanings assigned to such terms in Article I of Ordinance No. 1593, Council Bill 97-035 adopted by the City Council (the "Governing Body") on December 18, 1996, as amended by Ordinance No. 2750, Council Bill No. 15-031 adopted by the Council on April 8, 2015, Ordinance No. 2837, Council Bill No. 18-013 adopted by the Council on January 16, 2018, and Council Bill No. 26-005, Ordinance No. 3097 adopted by the Council on October 6, 2025, (collectively the "Master Ordinance"); and

WHEREAS, the Master Ordinance provides for the adoption of subsequent supplemental ordinances to authorize the issuance and sale of one or more series of System Bonds as well as the approval of specific terms and documents relating to the issuance and sale of System Bonds; and

WHEREAS, the Borrower/Grantee is a legally and regularly created, established, duly organized and existing incorporated home rule municipality under and pursuant to the laws of the State and more specifically, Article X, Section 6 of the State Constitution, NMSA 1978, §§3-1-1 through 3-66-11, as amended, is a qualifying entity under the Water Project Finance Act and is qualified for financial assistance as determined by the NMFA and approved by the Water Trust Board pursuant to the Board Rules, the Policies and the Act; and

WHEREAS, pursuant to the Board Rules the Water Trust Board has recommended the Project for funding as a Qualifying Project to the Legislature; and

WHEREAS, Chapter 35, Laws 2025, being House Bill 206 of the 2025 Regular New Mexico Legislative Session, authorized the funding of the Project from the Water Project Fund; and

WHEREAS, the Water Trust Board has recommended that the NMFA enter into and administer the Loan/Grant Agreement in order to finance the Project; and

WHEREAS, the NMFA approved on May 22, 2025 that the Borrower/Grantee receive financial assistance in the form of the Loan/Grant; and

WHEREAS, the Governing Body has determined and hereby determines that the Project may be financed with amounts granted and loaned pursuant to the Loan/Grant Agreement, that the Loan/Grant Amount, together with the Additional Funding Amount and other moneys available to the Borrower/Grantee, is sufficient to complete the Project, and that it is in the best interest of the Borrower/Grantee and the constituent public it serves that the Loan/Grant Agreement be executed and delivered and that the funding of the Project take place by executing and delivering the Loan/Grant Agreement; and

WHEREAS, the Governing Body has determined that it may lawfully enter into the Loan/Grant Agreement, accept the Loan/Grant Amount and be bound to the obligations and by the restrictions thereunder; and

WHEREAS, the Loan/Grant Agreement shall be a special, limited obligation and shall not constitute a general obligation of the Borrower/Grantee, the Water Trust Board or the NMFA or a debt or pledge of the full faith and credit of the Borrower/Grantee, the Water Trust Board, the NMFA or the State; and

WHEREAS, the Borrower/Grantee has created the System as provided in the Master Ordinance; and

WHEREAS, the Master Ordinance governs the issuance of System Bonds or similar obligations by the Borrower/Grantee payable from the Net System Revenues of the System; and

WHEREAS, the Master Ordinance authorizes the Borrower/Grantee to adopt Supplemental Ordinances authorizing the issuance of additional Subordinated Bonds payable from the Net System Revenues of the System such as this Super Subordinated Obligation; and

WHEREAS, this Council Bill No. _____; Ordinance No. ________, is a Supplemental Ordinance authorized by the Master Ordinance for the purpose of entering into the Loan/Grant Agreement with the NMFA, which Loan/Grant Agreement constitutes a System Bond within the meaning of the Master Ordinance; and

WHEREAS, the Governing Body has determined and hereby determines that the Project may be financed with amounts borrowed under the Loan/Grant Agreement and that it is in the best interest of the Borrower/Grantee and the public it serves that the Loan/Grant Agreement be executed and delivered and that the financing of the Project take place by executing and delivering the Loan/Grant Agreement; and

WHEREAS, the Governing Body has determined that it may lawfully pledge the Pledged Revenues for the payment of amounts due under the Loan/Grant Agreement with a lien thereon subordinate to the lien of the outstanding Parity Obligations and subordinate to the lien of all other Subordinate Obligations; and

WHEREAS, the Loan/Grant Agreement and other Super Subordinated Bonds shall be a category of Subordinated Bonds pursuant to Section 18.05 of the Master Ordinance with the payments due under the Loan/Grant Agreement having a lien on the Pledged Revenues subordinate to and payable after the Debt Service Requirements and funding of reserves for other outstanding Subordinated Bonds now outstanding or hereafter issued; and

WHEREAS, other than the having a lower payment priority provision within Section 18.05 of the Master Ordinance, Super Subordinated Bonds shall be treated as Subordinated Bonds for all purposes of the Master Ordinance including, but not limited to, the Rate Covenant and provisions related to the issuance of Additional System Bonds; and

WHEREAS, other than as described on the Term Sheet, the Pledged Revenues have not heretofore been pledged to secure the payment of any obligation which is currently outstanding; and

WHEREAS, there have been presented to the Governing Body and there presently are on file with the City Clerk this Ordinance and the form of the Loan/Grant Agreement which is incorporated by reference and considered to be a part hereof; and

WHEREAS, the Governing Body hereby determines that the Additional Funding Amount is now available to the Borrower/Grantee to complete the Project; and

WHEREAS, the Borrower/Grantee has met or will meet prior to the first disbursement of any portion of the Loan/Grant Amount, the Conditions and readiness to proceed requirements established for the portion of the Loan/Grant Amount disbursed or caused to be disbursed by the NMFA, including but not limited to the requirements of Executive Order 2013-006; and

WHEREAS, the Governing Body hereby determines that the Project to be financed by the Loan/Grant Agreement is to be used for governmental purposes of the Borrower/Grantee; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use of the Loan/Grant Amount for the purposes described, and according to the restrictions set forth, in the Loan/Grant Agreement; (ii) the availability of other moneys necessary and sufficient, together with the Loan/Grant Amount, to complete the Project; and (iii) the authorization, execution and delivery of the Loan/Grant Agreement which are required to have been obtained by the date of this Ordinance, have been obtained or are reasonably expected to be obtained.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF CITY OF LAS CRUCES, NEW MEXICO:

(I)

Section 1. Definitions. As used in this Ordinance, the following terms shall, for all purposes, have the meanings herein specified, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined); and, any term not defined herein shall have the definition given it by the Master Ordinance or the Loan/Grant Agreement:

“ACH Authorization” means the authorization for direct payment to the NMFA by ACH made by the Borrower/Grantee on the form required by the bank or other entity at which the account is held, from which the Pledged Revenues will be paid.

“Act” means the general laws of the State, particularly the Water Project Finance Act, NMSA 1978, §§ 72-4A-1 through 72-4A-11, and enactments of the Governing Body relating to the Loan/Grant Agreement, including the Master Ordinance, this Ordinance, all as amended and supplemented.

“Additional Funding Amount” means the amount to be provided by the Borrower/Grantee which includes the total value of the Soft Match or Hard Match (each as defined in Section 4.2 of the Policies) which, in combination with the Loan/Grant Amount and other moneys available to the Borrower/Grantee, is sufficient to complete the Project and to provide matching funds required to complete the Project. The Additional Funding Amount is $219,000.

“Administrative Fee” or “Administrative Fee Component” means an amount equal to one-quarter of one percent (0.25%) per annum of the unpaid principal balance of the Loan Amount, taking into account both payments made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee pursuant to Section 5.1(a)(iii) of the Loan/Grant Agreement.

“Authorized Officers” means any one or more of the Mayor, Mayor Pro-Tem, City Manager, Director of Financial Services, Treasurer and City Clerk of the Borrower/Grantee.

"Board Rules" means Review and Eligibility of Proposed Water Projects, New Mexico Water Trust Board, 19.25.10 NMAC.

"Borrower/Grantee" means the City of Las Cruces, New Mexico.

"City Charter" means the home rule charter of the Borrower/Grantee submitted to the Governing Body on January 7, 1985 and approved by the voters of the Borrower/Grantee on March 5, 1985, as amended and supplemented.

"Closing Date" means the date of execution and delivery of the Loan/Grant Agreement, by the Borrower/Grantee and the NMFA.

"Completion Date" means the date of final payment of the cost of the Project.

"Conditions" has the meaning given to that term in the Loan/Grant Agreement.

"Eligible Items" means eligible Project costs for which grants and loans may be made pursuant to NMSA 1978, § 72-4A-7(C), as amended, of the Act, the Board Rules and applicable Policies, and includes, without limitation, Eligible Legal Costs.

"Eligible Legal Costs" has the meaning given to that term in the Loan/Grant Agreement.

"Generally Accepted Accounting Principles" means the officially established accounting principles applicable to the Borrower/Grantee consisting of the statements, determinations and other official pronouncements of the Government Accounting Standards Board, Financial Accounting Standards Board, Federal Accounting Standards Board or other principle-setting body acceptable to the Lender/Grantor establishing accounting principles applicable to the Borrower/Grantee.

"Governing Body" means the duly organized City Council of the Borrower/Grantee, or any successor governing body of the Borrower/Grantee.

"Grant" or "Grant Amount" means the amount provided to the Borrower/Grantee as a grant pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and shall not equal more than $1,772,398.

"Gross Revenues" has the meaning given to that term in Section 1.01 of the Master Ordinance and Article I of the Loan/Grant Agreement.

"Herein," "hereby," "hereunder," "hereof," "hereinabove" and "hereafter" refer to this entire Ordinance and not solely to the particular section or paragraph of this Ordinance in which such word is used.

"Loan" or "Loan Amount" means the amount provided to the Borrower/Grantee as a loan pursuant to the Loan/Grant Agreement for the purpose of funding the Project, in the maximum amount of $196,933.

“Loan/Grant” or “Loan/Grant Amount” means the combined amount partially provided to the Borrower/Grantee as the Grant Amount and partially borrowed by the Borrower/Grantee as the Loan Amount pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and shall not equal more than $1,969,331.

“Loan/Grant Agreement” means the Water Project Fund Loan/Grant Agreement entered into by and between the Borrower/Grantee and the NMFA as authorized by this Ordinance.

"Master Ordinance" means Ordinance No. 1593, Council Bill 97- 035 adopted by the Governing Body on December 18, 1996, as amended by Ordinance No. 2750, Council Bill No. 15-031 adopted by the Council on April 8, 2015, Ordinance No. 2837, Council Bill No. 18- 013 adopted by the Council on January 16, 2018 Ordinance No. 3097, Council Bill No. 26-005 adopted by the Council on October 6, 2025.

“Net System Revenues” or “Net Revenues” means the Gross Revenues of the System owned and operated by the Borrower/Grantee after deducting Operation and Maintenance Expenses of the System as defined in Section 1.01 of the Master Ordinance.

“NMAC” means the New Mexico Administrative Code.

“NMFA” means the New Mexico Finance Authority.

“NMSA 1978” means the New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented from time to time.

“Operation and Maintenance Expenses” has the meaning given to that term in Section 1.01 of the Master Ordinance and Article I of the Loan/Grant Agreement.

“Ordinance” means this Ordinance as it may be supplemented or amended from time to time, as a supplemental Ordinance under the Master Ordinance.

"Parity Bonds" has the meaning given to that term in Section 1.01 of the Master Ordinance and includes any such obligations shown on the Term Sheet which are designated as senior obligations on the Term Sheet.

“Pledged Revenues” means the Net System Revenues of the System of the Borrower/Grantee pledged to the payment of the Loan Payments and Administrative Fee pursuant to this Ordinance and the Loan/Grant Agreement and described in the Term Sheet.

“Project” means the project(s) described on the Term Sheet.

“Project Account” means the book account established by the NMFA in the name of the Borrower/Grantee for purposes of tracking expenditure of the Loan/Grant Amount by the Borrower/Grantee to pay for the costs of the Project, as shown in the Term Sheet, which account shall be kept separate and apart from all other accounts of the NMFA.

"Qualifying Water Project" means a water project for (i) storage, conveyance or delivery of water to end-users; (ii) implementation of the federal Endangered Species Act of 1973 collaborative programs; (iii) wastewater conveyance and treatment; (iv) restoration and management of watersheds; (v) flood prevention or (vi) water conservation or recycling, treatment or reuse of water as provided by law; and which has been approved by the state legislature pursuant to NMSA 1978, § 72-4A-9(B), as amended.

"State" means the State of New Mexico.

"Subordinate Bonds" or "Subordinated Obligations" has the meaning given to that term in Section 1.01 of the Master Ordinance and includes those obligations set forth on the Term Sheet.

"Super Subordinated Obligations" or "Super Subordinated Bonds" has the meaning given to that term in Section 1.01 of the Master Ordinance and includes the Loan/Grant Agreement.

"System" means the joint water, sanitary sewer and natural gas utility system operated as defined in Section 1.01 of the Master Ordinance, of the Borrower/Grantee, owned and operated by the Borrower/Grantee, and of which the Project, when completed, will form part.

"Term Sheet" means <u>Exhibit "A"</u> attached to the Loan/Grant Agreement.

"Useful Life" means the structural and material design life of the Project, including planning and design features, as required by the Act and the Board Rules.

"Water Project Fund" means the fund of the same name created pursuant to the Act and held and administered by the NMFA.

"Water Trust Board" or "WTB" means the water trust board created and established pursuant to the Act.

Section 2. <u>Ratification</u>. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Borrower/Grantee and officers of the Borrower/Grantee directed toward the acquisition and completion of the Project, the pledge of the Pledged Revenues to payment of amounts due under the Loan/Grant Agreement, and the execution and delivery of the Loan/Grant Agreement shall be, and the same hereby is, ratified, approved and confirmed.

Section 3. <u>Authorization of the Project and the Loan/Grant Agreement</u>. The acquisition and completion of the Project and the method of funding the Project through execution and delivery of the Loan/Grant Agreement and the other documents related to the transaction are hereby authorized and ordered. The Project is for the benefit and use of the Borrower/Grantee and the public whom it serves.

Section 4. Findings. The Governing Body hereby declares that it has considered all relevant information and data and hereby makes the following findings:

A. The Project is needed to meet the needs of the Borrower/Grantee and the public whom it serves.

B. Moneys available and on hand for the Project from all sources other than the Loan/Grant are not sufficient to defray the cost of acquiring and completing the Project but, together with the Loan/Grant Amount, are sufficient to complete the Project.

C. The Project and the execution and delivery of the Loan/Grant Agreement pursuant to the Act to provide funds for the financing of the Project are necessary, convenient and in furtherance of the governmental purposes of the Borrower/Grantee, and in the interest of the public health, safety, and welfare of the constituent public served by the Borrower/Grantee.

D. The Borrower/Grantee will acquire and complete the Project with the proceeds of the Loan/Grant, the Additional Funding Amount and other amounts available to the Borrower/Grantee, and except as otherwise expressly provided by the Loan/Grant Agreement, will utilize, operate and maintain the Project for the duration of its Useful Life, as required by NMSA 1978, § 72-4A-7(A)(1), as amended.

E. Together with the Loan/Grant Amount, and other amounts available to the Borrower/Grantee, the Additional Funding Amount is now available to the Borrower/Grantee, and in combination with the Loan/Grant Amount, will be sufficient to complete the Project.

F. The NMFA shall maintain on behalf of the Borrower/Grantee a separate Project Account as a book account only on behalf of the Borrower/Grantee and financial records in accordance with Generally Accepted Accounting Principles during the construction or implementation of the Project.

G. The Borrower/Grantee will acquire title to or easements or rights of way on the real property upon which the Project is being constructed or located as provided in the Loan/Grant Agreement.

Section 5. Loan/Grant Agreement—Authorization and Detail.

A. Authorization. This Ordinance has been adopted by the affirmative vote of at least a three-fourths majority of the Governing Body. For the purpose of protecting the public health, conserving the property, and protecting the general welfare and prosperity of the constituent public served by the Borrower/Grantee and acquiring and completing the Project, it is hereby declared necessary that the Borrower/Grantee execute and deliver the Loan/Grant Agreement evidencing the Borrower/Grantee's acceptance of the Grant Amount of $1,772,398 and borrowing the Loan Amount of $196,933 to be utilized solely for Eligible Items necessary to complete the Project, and solely in the manner and according to the restrictions set forth in the Loan/Grant Agreement, the execution and delivery of which is hereby authorized. The

Borrower/Grantee shall use the Loan/Grant Amount to finance the acquisition and completion of the Project. This Ordinance is a Supplemental Ordinance authorized by the Master Ordinance for the purpose of entering into the Loan/Grant Agreement with the NMFA, and the Loan/Grant Agreement constitutes a System Bond within the meaning of the Master Ordinance.

B. Detail. The Loan/Grant Agreement shall be in substantially the form of the Loan/Grant Agreement presented at the meeting of the Governing Body at which this Ordinance was adopted. The Grant shall be in the amount of $1,772,398 and the Loan shall be in the amount of $196,933. Interest on the Loan Amount shall be zero percent (0%) per annum of the unpaid principal balance of the Loan Amount, and the Administrative Fee shall be one-quarter of one percent (0.25%) per annum of the unpaid principal balance of the Loan Amount, taking into account both payments made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee.

Section 6. Approval of Loan/Grant Agreement. The form of the Loan/Grant Agreement as presented at the meeting of the Governing Body at which this Ordinance was adopted, is hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Loan/Grant Agreement with such changes, insertions and omissions as may be approved by such individual Authorized Officers, and the City Clerk is hereby authorized to attest the Loan/Grant Agreement. The execution of the Loan/Grant Agreement shall be conclusive evidence of such approval.

Section 7. Security; Special, Limited Super Subordinate Obligation. The Loan Amount and Administrative Fee shall be solely secured by a super subordinate lien (but not an exclusive super subordinate lien) on the pledge of the Pledged Revenues herein made and as set forth in the Loan/Grant Agreement. The Loan/Grant Agreement, together with interest thereon and other obligations of the Borrower/Grantee thereunder, shall be a special, limited obligation of the Borrower/Grantee, payable solely from the Pledged Revenues as provided in this Ordinance, and the Loan/Grant Agreement shall not constitute a general obligation of the Borrower/Grantee or the State, and the holders of the Loan/Grant Agreement may not look to any general or other fund of the Borrower/Grantee for payment of the obligations thereunder. Nothing contained in this Ordinance nor in the Loan/Grant Agreement, nor any other instruments, shall be construed as obligating the Borrower/Grantee (except with respect to the application of the Pledged Revenues) or as imposing a pecuniary liability or a charge upon the general credit of the Borrower/Grantee or against its taxing power, nor shall a breach of any agreement contained in this Ordinance, the Loan/Grant Agreement, or any other instrument impose any pecuniary liability upon the Borrower/Grantee or any charge upon its general credit or against its taxing power. The Loan/Grant Agreement shall never constitute an indebtedness of the Borrower/Grantee within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Borrower/Grantee or a charge against its general credit or taxing power. Nothing herein shall prevent the Borrower/Grantee from applying other funds of the Borrower/Grantee legally available therefor to payments required by the Loan/Grant Agreement, in its sole and absolute discretion.

Section 8. Disposition of Proceeds: Completion of the Project.

A. Project Account. The Borrower/Grantee hereby consents to creation of the Project Account by the NMFA. Until the Completion Date, the amount of the Loan/Grant credited to the Project Account shall be used and paid out solely for Eligible Items necessary to acquire and complete the Project in compliance with applicable law and the provisions of the Loan/Grant Agreement.

B. Completion of the Project. The Borrower/Grantee shall proceed to complete the Project with all due diligence. Upon the Completion Date, the Borrower/Grantee shall execute a certificate stating that completion of and payment for the Project has been completed. Following the Completion Date or the earlier expiration of the time allowed for disbursement of Loan/Grant funds as provided in the Loan/Grant Agreement, any balance remaining in the Project Account shall be transferred and deposited into the Water Project Fund or otherwise distributed as provided in the Loan/Grant Agreement.

C. NMFA Not Responsible. Borrower/Grantee shall apply the funds derived from the Loan/Grant Agreement as provided therein, and in particular Article VII of the Loan/Grant Agreement. The NMFA shall not in any manner be responsible for the application or disposal by the Borrower/Grantee or by its officers of the funds derived from the Loan/Grant Agreement or of any other funds held by or made available to the Borrower/Grantee in connection with the Project. NMFA shall not be liable for the refusal or failure of any other agency of the State to transfer any portion of the Loan/Grant Amount in its possession, custody and control to the NMFA for disbursement to the Borrower/Grantee, or to honor any request for such transfer or disbursement of the Loan/Grant Amount.

Section 9. Payment of Loan Amount and ACH Authorization. Pursuant to the Loan/Grant Agreement, the Borrower/Grantee shall pay the principal and interest on the Loan Amount and Administrative Fee directly from the Pledged Revenues to the NMFA as provided in the Loan/Grant Agreement in an amount sufficient to pay the installments of principal and other amounts due under the Loan/Grant Agreement and to cure any deficiencies in the payment of the Loan Amount or other amounts due under the Loan/Grant Agreement subordinate to the other Subordinated Bonds now outstanding or hereafter issued. The Borrower/Grantee hereby consents to the creation of an ACH authorization agreement for the purpose of making regular electronic payments of the Loan Amount and Administrative Fee, if at any applicable point in time during the Agreement Term the Borrower/Grantee desires to use such payment method for the purposes of the Loan.

Section 10. Lien on Pledged Revenues. The Loan/Grant Agreement shall be issued as a Super Subordinated Bond with a lien on the Pledged Revenues, but not an exclusive lien on the Pledged Revenues, subordinate to the lien thereon of the outstanding Parity Bonds and all other Subordinated Bonds. The Pledged Revenues are hereby authorized to be pledged, and are hereby pledged, and the Borrower/Grantee grants a security interest therein, for the payment of the principal and interest and

Administrative Fee due under the Loan/Grant Agreement, subject to the uses thereof permitted by and the priorities set forth in the Master Ordinance, this Ordinance and the Loan/Grant Agreement. The Loan/Grant Agreement constitutes an irrevocable super subordinate lien, but not necessarily an exclusive super subordinate lien, on the Pledged Revenues subordinate to the lien of the Parity Bonds and the other Subordinated Bonds on the Pledged Revenues. The payments due under the Loan/Grant Agreement shall have a lien on the Pledged Revenues subordinate to and shall be payable after the Debt Service Requirements and funding of reserves for the Parity Bonds and other outstanding Subordinated Bonds now outstanding or hereafter issued.

Section 11. Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Ordinance, the Loan/Grant Agreement and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Ordinance and the Loan/Grant Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Ordinance and the Loan/Grant Agreement including but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan/Grant Agreement.

Section 12. Amendment of Ordinance. Prior to the Closing Date, the provisions of this Ordinance may be supplemented or amended by ordinance of the Governing Body with respect to any changes which are not inconsistent with the substantive provisions of this Ordinance. After the Closing Date, this Ordinance may be amended, without receipt by the Borrower/Grantee of any additional consideration, but only with the prior written consent of the NMFA.

Section 13. Ordinance Irrepealable. After the Loan/Grant Agreement has been executed and delivered, this Ordinance shall be and remain irrepealable until all obligations due under the Loan/Grant Agreement shall be fully discharged, as herein provided.

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 15. Repealer Clause. All bylaws, orders, ordinances, resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 16. Effective Date. Upon due adoption of this Ordinance, it shall be recorded in the book of the Borrower/Grantee kept for that purpose, authenticated by the signatures of the Mayor and City Clerk of the Borrower/Grantee, and this Ordinance shall be in full force and effect thereafter, in accordance with law; provided, however, that if recording is not required for the effectiveness of this Ordinance, this Ordinance shall be effective upon adoption of this Ordinance by the Governing Body.

Section 17. <u>General Summary for Publication</u>. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Ordinance shall be published in substantially the following form:

[*Remainder of page intentionally left blank.*]

[*Form of Notice of Adoption of Ordinance for Publication*]

CITY OF LAS CRUCES, NEW MEXICO
NOTICE OF ADOPTION OF ORDINANCE

Notice is hereby given of the title and of a general summary of the subject matter contained in Council Bill No. _______ Ordinance No. _____, duly adopted and approved by the City Council of City of Las Cruces on June 15, 2026. A complete copy of the Ordinance is available for public inspection during normal and regular business hours in the office of the City Clerk, at 700 N. Main St., Las Cruces, New Mexico 88001.

The title of the Ordinance is:

CITY OF LAS CRUCES, NEW MEXICO
COUNCIL BILL NO. ________; ORDINANCE NO. ___________

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND SUBORDINATE LIEN LOAN/GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY (“NMFA”) AND THE CITY OF LAS CRUCES (THE “BORROWER/GRANTEE”), IN THE TOTAL AMOUNT OF $1,969,331, INCLUDING A GRANT IN THE AMOUNT OF $1,772,398, AND A LOAN IN THE AMOUNT OF $196,933 EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF DESIGNING, CONSTRUCTING AND REPAIRING LAS ALTURAS DEL SOL WATER STORAGE TANK AND BOOSTER STATION, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE SUPER SUBORDINATE LIEN PLEDGE AND PAYMENT OF THE LOAN AMOUNT AND AN ADMINISTRATIVE FEE SOLELY FROM THE NET SYSTEM REVENUES OF THE JOINT WATER, WASTEWATER, AND GAS UTILITY SYSTEM OF THE BORROWER/GRANTEE; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

A general summary of the subject matter of the Ordinance is contained in its title. This notice constitutes compliance with NMSA 1978, § 6-14-6, as amended.

[*End of Form of Notice of Adoption for Publication*]

(II)

THAT City staff is hereby authorized to do all deeds as necessary in the accomplishment of the herein above.

DONE AND APPROVED this 15 day of June 2026

CITY OF LAS CRUCES NEW MEXICO

By___________________________________
Eric Enriquez, Mayor

[SEAL]

ATTEST:

By___________________________________
Christine Rivera, City Clerk

[*Remainder of page intentionally left blank*.]

Moved by:

Seconded by:

AYES

NAYS

[*Remainder of page intentionally left blank*.]

3116; Council Bill 26-024

City Council Action and Executive Summary

Type of Action:
☐ Resolution
☒ Ordinance
☐ TIDD Resolution

District:	☒ 1 ☒ 2 ☒ 3 ☒ 4 ☒ 5 ☒ 6 ☐ N/A		
1st Reading:	June 15, 2026	**Adopted:**	July 20, 2026
Drafter:	Maria Sanchez	**Department:**	Financial Services

Title:	**AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A $3,065,000 LOAN AGREEMENT FOR FLOOD CONTROL INFRASTRUCTURE IMPROVEMENT PROJECTS AND PAYING THE COSTS OF EXECUTION OF THE LOAN AGREEMENT WITH SUCH LOAN AGREEMENT TO BE SECURED BY A LIEN ON THE FIFTH QUARTER PERCENT INCREMENT OF MUNICIPAL GROSS RECEIPTS TAX AND THE HOLD HARMLESS DISTRIBUTIONS ASSOCIATED WITH THE FIFTH QUARTER PERCENT INCREMENT OF MUNICIPAL GROSS RECEIPTS TAX.**

TYPE OF ACTION: ☒ **Administrative** ☐ **Legislative** ☐ **Quasi-Judicial**

PURPOSE(S) OF ACTION:
Authorize issuance of debt.

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:
The City Charter authorizes City Council to borrow funds. The New Mexico Finance Authority (NMFA) has instituted a program for financing public projects. As part of the program, City Council is required to authorize the submission of the application. The proposed action will allow the City to finance the acquisition, construction, maintenance and completion of various flood control infrastructure improvement projects.

A proposed resolution approved at the June 15, 2026 City Council meeting authorizes City staff to submit an application for financial assistance from NMFA for the acquisition, construction, maintenance and completion of various flood control infrastructure improvement projects.

Approval of the Ordinance authorizes the execution and delivery of a loan agreement between the City and NMFA. The City would borrow up to $3,065,000 to finance the acquisition, construction, maintenance and completion of various flood control infrastructure improvement projects and pay the related debt issuance costs and professional fees. The revenue pledged to finance the projects would come from a lien on the City's fifth quarter percent increment of municipal gross receipts tax and the hold harmless associated with the fifth quarter percent increment of municipal gross receipts tax.

Due to timing of the loan approval scheduling by NMFA, at the first reading of this proposed Ordinance, only a sample ordinance (preliminary), loan agreement and intercept agreement will be attached as Attachments as needed. After the first reading, the final ordinance is attached. After NMFA prices the loan, Bond Counsel prepares the final documents incorporating the final terms upon receipt of the debt service schedule verified by the City's Municipal Advisor.

SUPPORT INFORMATION:

EXHIBIT "A" NMFA Loan Agreement MGRT Flood Control 2026
ATTACHMENT "A" Redlined Loan Ordinance MGRT Flood Control 2026

PLAN(S):
None

COMMITTEE/BOARD REVIEW:
None

DOES THIS AMEND THE BUDGET?:
☐ Yes
☒ No

Does this action amend the Capital Improvement Plan (CIP)?
☐ Yes
☒ No

OPTIONS / ALTERNATIVES:
1. Vote "Yes"; this will approve the Ordinance authorizing the City to accept the loan from NMFA and proceed with the flood control infrastructure improvement projects.
2. Vote "No"; this will not approve the Ordinance and will not authorize the City to accept the loan from NMFA and use this funding mechanism to finance the flood control infrastructure improvement projects.
3. Vote to "Amend"; this could delay the execution and delivery of the loan from NMFA and the delay the funding of the flood control infrastructure improvement projects.
4. Vote to "Table"; this could delay the financing opportunity and increase the projected cost of the flood control infrastructure improvement projects.

ORDINANCE 3116; COUNCIL BILL 26-024

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A $3,065,000 LOAN AGREEMENT FOR FLOOD CONTROL INFRASTRUCTURE IMPROVEMENT PROJECTS AND PAYING THE COSTS OF EXECUTION OF THE LOAN AGREEMENT WITH SUCH LOAN AGREEMENT TO BE SECURED BY A LIEN ON THE FIFTH QUARTER PERCENT INCREMENT OF MUNICIPAL GROSS RECEIPTS TAX AND THE HOLD HARMLESS DISTRIBUTIONS ASSOCIATED WITH THE FIFTH QUARTER PERCENT INCREMENT OF MUNICIPAL GROSS RECEIPTS TAX.

The City Council is informed that:

Capitalized terms used in the following preambles have the same meaning as defined in Section 1 of the Ordinance unless the context requires otherwise.

WHEREAS, the Governmental Unit is a legally and regularly created, established, organized and existing municipality under the general laws of the State; and

WHEREAS, the Governing Body has determined and hereby determines that the Project may be financed with amounts borrowed under the Loan Agreement and that it is in the best interest of the Governmental Unit and its residents that the Loan Agreement and Intercept Agreement be executed and delivered within the parameters set forth herein and upon the final terms set forth in the Pricing Certificate and that the financing of the acquisition of the Project take place by executing and delivering the Loan Agreement and Intercept Agreement; and

WHEREAS, the Governing Body has determined that it may lawfully pledge the Pledged Revenues for the payment of amounts due under the Loan Agreement and Intercept Agreement; and

WHEREAS, other than as described in the Term Sheet, the Pledged Revenues have not heretofore been pledged to secure the payment of any obligation; and

WHEREAS, the Loan Agreement shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues and shall not constitute a general obligation of the Governmental Unit, or a debt or pledge of the faith and credit of the Governmental Unit or the State; and

WHEREAS, there have been presented to the Governing Body and there presently are on file with the City Clerk this Ordinance and the forms of the Loan Agreement and Intercept Agreement, which are incorporated by reference and considered to be a part hereof; and

WHEREAS, the Governing Body hereby determines that the Project to be financed by the Loan is to be used for governmental purposes of the Governmental Unit and will not be used for purposes which would cause the Loan Agreement to be deemed a “private activity bond” as defined by the Internal Revenue Code of 1986, as amended; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use and pledge of the Pledged Revenues to the Finance Authority for the payment of the amounts due under the Loan Agreement, (ii) the use of the proceeds of the Loan Agreement to finance the Project, and (iii) the authorization, execution and delivery of the Loan Agreement and Intercept Agreement which are required to have been obtained by the date of this Ordinance, have been obtained or are reasonably expected to be obtained.

NOW, THEREFORE, Be it Ordained by the Governing Body of the City of Las Cruces that:

(I)

Section 1. Definitions. As used in the Ordinance, the following terms shall, for all purposes, have the meanings herein specified, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

"Act" means the general laws of the State, including Sections 3-31-1 through 3-31-12 and 6-14-1 through 6-14-12, NMSA 1978, as amended, the charter of the Governmental Unit, and enactments of the Governing Body relating to the Loan Agreement and Intercept Agreement, including this Ordinance.

"Authorized Officers" means the Mayor, Mayor Pro-Tem, City Manager, Director of Financial Services, Treasurer and City Clerk of the Governmental Unit.

"Bonds" means public project revolving fund revenue bonds, if any, issued hereafter by the Finance Authority to fund or reimburse the Loan Agreement.

"Closing Date" means the date of execution, delivery and funding of the Loan Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Completion Date" means the date of final payment of the cost of the Project.

"Delegate" means the City Manager, City Director of Financial Services, or other Authorized Officer of the City delegated the authority to approve the final terms of the Loan Agreement and Intercept Agreement.

"Distributing State Agency" means the department or agency of the State, as described on the Term Sheet, authorized to distribute the Pledged Revenues to or on behalf of the Governmental Unit.

"Expenses" means the cost of execution of the Loan Agreement and the costs of issuance of the Bonds, if any, and the periodic and regular fees and expenses incurred by the Finance Authority in administering the Loan Agreement, including legal fees.

"Finance Authority" means the New Mexico Finance Authority.

"Finance Authority Debt Service Account" means the debt service account in the name of the Governmental Unit established under the Indenture and held by the Finance Authority to pay principal and interest on the Loan Agreement as the same become due.

"Finance Authority Reserve Account" means the account in the name of the Governmental Unit established in the Loan Agreement, held by the Finance Authority, and funded upon the conditions and administered as provided in the Loan Agreement.

"Fiscal Year" means the period commencing on July 1 in each calendar year and ending on the last day of June of the next succeeding calendar year, or any other twelve-month period which any appropriate authority may hereafter establish for the Governmental Unit as its fiscal year.

"Governing Body" means the City Council of the Governmental Unit, or any future successor governing body of the Governmental Unit.

"Governmental Unit" means the City of Las Cruces, New Mexico.

"Herein," "hereby," "hereunder," "hereof," "hereinabove" and "hereafter" refer to the entire Ordinance and not solely to the particular section or paragraph of the Ordinance in which such word is used.

"Hold Harmless Flood Control MGRT Distribution" means the distribution to the City made pursuant to Section 7-1-6.46 NMSA 1978, as that distribution relates to the fifth one quarter of one percent (1/4%) increment of municipal gross receipts tax imposed on all persons engaging in business in the City by City Ordinance No. 1135, which revenues are reduced pursuant to the deductions under Sections 7-9-92 and 7-9-93 NMSA 1978; provided that the percentage of such distribution decreases annually as provided in Section 7-1-6.46 NMSA 1978 each year until the distribution is eliminated after July 1, 2029.

"Indenture" means the General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented, by and between the Finance Authority and the Trustee, or the Subordinated General Indenture of Trust and Pledge dated as of March 1, 2005, as supplemented, by and between the Finance Authority and the Trustee, as determined by the Finance Authority pursuant to a Pledge Notification or Supplemental Indenture (as such terms are defined in the Indenture).

"Intercept Agreement" means the Intercept Agreement, if any, dated the Closing Date between the Governmental Unit and Finance Authority providing for the direct payment, if required, by the Distributing State Agency to the Finance Authority of Pledged Revenues in amounts sufficient to pay principal and interest and any other amounts due on the Loan Agreement, and any amendments or supplements to the Intercept Agreement.

"Loan" means the funds to be loaned to the Governmental Unit by the Finance Authority pursuant to the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated the Closing Date between the Finance Authority and the Governmental Unit which provides for the financing of the Project and requires payments by or on behalf of the Governmental Unit to the Finance Authority, and any amendments or supplements thereto, and including the exhibits attached to the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated the Closing Date between the Finance Authority and the Governmental Unit which provides for the financing of the Project and requires payments by or on behalf of the Governmental Unit to the Finance Authority, and any amendments or supplements thereto, and including the exhibits attached to the Loan Agreement.

"Loan Agreement Principal Amount" means an amount not to exceed $3,065,000, the original principal amount of the loan as shown on the Term Sheet and as set forth in the Pricing Certificate.

"NMSA 1978" means the New Mexico Statutes Annotated, 1978 compilation, as amended and supplemented.

"Ordinance" means this Ordinance No. _____ as adopted by the Governing Body on July 20, 2026, approving the Loan Agreement and Intercept Agreement and pledging the Pledged Revenues to the payment of the Loan Agreement, as amended from time to time.

"Parity Obligations" mean the 2016 Bonds, the 2020 NMFA Loan, the 2023 NMFA Loan (all as defined in the Term Sheet), the Loan Agreement and any other obligations, now or hereafter issued or incurred, payable from or secured by a lien or pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on a parity with the Loan Agreement, including any such obligations shown on the Term Sheet.

"Pledged Revenues" means the revenues derived from (i) the fifth one quarter of one percent (1/4%) increment of municipal gross receipts tax imposed on all persons engaging in business in the City by City Ordinance No. 1135, adopted on March 26, 1990, with an effective date of July 1, 1990, as amended by City Ordinance No. 1760, adopted on July 27, 1999, which tax equals, subject to the exemptions specified in Section 7-19D-9 NMSA 1978, one fourth of one percent (1/4%) of the gross receipts of all persons engaging in business in the City for the month in which the tax is distributed to the City and (ii) the associated Hold Harmless Flood Control MGRT Distribution; provided that the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the City is not pledging and the term "Pledged Revenues" does not include the state-shared gross receipts tax or any other local option gross receipts tax income received by the City).

"Pricing Certificate" means one or more certificates executed by the Delegate dated on or before the date of execution and delivery of the Loan Agreement, setting forth the following final terms of the Loan Agreement and Intercept Agreement: (i) the interest and principal payment dates; (ii) the principal amounts, denominations and maturity amortization; (iii) the sale prices; (iv) the interest rate or rates; (v) the interest payment periods; (vi) the redemption provisions; (vii) the creation of any capitalized interest fund, if any, including the size and funding of such fund(s); and (viii) the final terms of agreements, if any, with the Finance Authority or service providers required for the execution and delivery of the Loan Agreement and Intercept Agreement, all subject to the parameters and conditions contained in this Ordinance.

"Program Account" means the account in the name of the Governmental Unit established under the Indenture and held by the Trustee for deposit of the net proceeds of the Loan Agreement for disbursal to the Governmental Unit for payment of the costs of the Project.

"Project" means the acquisition, construction, maintenance and completion of various flood control infrastructure projects, including the payment of Expenses and professional fees related to the issuance and delivery of the Loan Agreement as described in Exhibit "A" to the Loan Agreement.

"State" means the State of New Mexico.

"Subordinate Obligations" means the obligations now outstanding (as listed on Exhibit "A" to the Loan Agreement) or hereafter issued with a lien on the Pledged Revenues subordinate to the lien thereon of the Loan Agreement and the Parity Obligations.

"Term Sheet" means Exhibit "A" to the Loan Agreement.

"Trustee" means the BOKF, NA, or any successor trustee company, national or state banking association or financial institution at the time appointed Trustee by the Finance Authority.

Section 2. Ratification. All actions heretofore taken (not inconsistent with the provisions of this Ordinance) by the Governing Body and officers of the Governmental Unit directed toward the acquisition of the Project and the execution and delivery of the Loan Agreement and Intercept Agreement, be, and the same hereby are, ratified, approved and confirmed.

Section 3. Authorization of the Project, the Loan Agreement and Intercept Agreement. The acquisition of the Project and the method of financing the Project through execution and delivery of the Loan Agreement and the Intercept Agreement are hereby authorized and ordered. The Project is for the benefit and use of the Governmental Unit.

Section 4. Findings. The Governmental Unit hereby declares that it has considered all relevant information and data and hereby makes the following findings:

A. The Project is needed to meet the needs of the Governmental Unit and its residents and the issuance and delivery of the Loan Agreement is necessary and advisable.

B. Moneys available and on hand for the Project from all sources other than the Loan are not sufficient to defray the cost of acquiring the Project.

C. The Pledged Revenues may lawfully be pledged to secure the payment of amounts due under the Loan Agreement.

D. It is economically feasible to defray, in whole or in part, the costs of the Project by the execution and delivery of the Loan Agreement.

E. The Project and the execution and delivery of the Loan Agreement and the Intercept Agreement pursuant to the Act to provide funds for the financing of the Project are necessary and in the interest of the public health, safety, and welfare of the residents of the Governmental Unit.

F. The Governmental Unit will acquire the Project, in whole or in part, with the net proceeds of the Loan.

G. Other than as described in the Term Sheet, the Governmental Unit does not have any outstanding obligations payable from Pledged Revenues which it has incurred or will incur prior to the initial execution and delivery of the Loan Agreement and the Intercept Agreement.

H. The net effective interest rate on the Loan to be established in the Pricing Certificate does not exceed twelve percent (12.0%) per annum, which is the maximum rate permitted by State law.

Section 5. Loan Agreement and Intercept Agreement - Authorization and Detail.

A. Authorization. This Ordinance has been adopted by the affirmative vote of three-fourths of all of the members of the Governing Body. For the purpose of protecting the public health, conserving the property, protecting the general welfare and prosperity of the residents of the Governmental Unit and acquiring the Project, it is hereby declared necessary that the Governmental Unit, pursuant to the Act, execute and deliver the Loan Agreement and Intercept Agreement evidencing a special, limited obligation of the Governmental Unit to pay the Loan Agreement Principal Amount not to exceed $3,065,000 plus interest thereon, and the execution and delivery of the Loan Agreement and the Intercept Agreement are hereby authorized. The Governmental Unit shall use the proceeds of the Loan to finance the acquisition of the Project and to pay the costs of issuance of the Loan Agreement. The Project will be owned by the Governmental Unit.

B. Detail. The Loan Agreement and Intercept Agreement shall be in substantially the forms of the Loan Agreement and Intercept Agreement presented at the meeting of the Governing Body at which this Ordinance was adopted with the approval of the final terms of the Loan Agreement and Intercept Agreement to be accepted by the Delegate in the Pricing Certificate within the parameters set forth in this Ordinance as permitted by Section 6-14-10.2 NMSA 1978. The Loan shall be in an aggregate principal amount not to exceed $3,065,000 as set forth in the Pricing Certificate, shall be payable in installments of principal due on June 1 of the years designated in the Pricing Certificate and Exhibit “B” to the Loan Agreement and bear interest payable on June 1 and December 1 of each year, commencing on the date and at the rates designated in the Pricing Certificate and in Exhibit “B” to the Loan Agreement.

Section 6. Approval of Loan Agreement and Intercept Agreement. The forms of the Loan Agreement and the Intercept Agreement as presented at the meeting of the Governing Body at which this Ordinance was adopted are hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Loan Agreement and the Intercept Agreement with such changes, insertions and omissions that are consistent with this Ordinance as may be approved by such the Delegate in the Pricing Certificate, and the City Clerk is hereby authorized to affix the seal of the Governmental Unit on the Loan Agreement and the Intercept Agreement and attest the same. The execution of the Loan Agreement and the Intercept Agreement by an Authorized Officer shall be conclusive evidence of such approval.

Section 7. Special Limited Obligation. The Loan Agreement shall be secured by the pledge of the Pledged Revenues as set forth in the Loan Agreement and shall be payable solely from the Pledged Revenues. The Loan Agreement, together with interest thereon and other obligations of the Governmental Unit thereunder, shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues as provided in this Ordinance and the Loan Agreement and shall not constitute a general obligation of the Governmental Unit or the State, and the holders of the Loan Agreement may not look to any general or other fund of the Governmental Unit for payment of the obligations thereunder. Nothing contained in this Ordinance or in the Loan Agreement, or any other instruments, shall be construed as obligating the Governmental Unit (except with respect to the application of the Pledged Revenues), as incurring a pecuniary liability or a charge upon the general credit of the Governmental Unit or against its taxing power, nor shall a breach of any agreement contained in this Ordinance, the Loan Agreement, or any other instrument impose any pecuniary liability upon the Governmental Unit or any charge upon its general credit or against its taxing power. The Loan Agreement shall never constitute an indebtedness of the Governmental Unit within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Governmental Unit or a charge against its general credit or taxing power. Nothing herein shall prevent the Governmental Unit from applying other funds of the Governmental Unit legally available therefor to payments required by the Loan Agreement, in its sole and absolute discretion, including funds on deposit in the Governmental Unit's fund designated as the Flood Control Improvement Project Acquisition Fund (2026).

Section 8. Disposition of Proceeds: Completion of Acquisition of the Project.

A. Program Account, Finance Authority Debt Service Account and Finance Authority Reserve Account. The Governmental Unit hereby consents to creation of the Finance Authority Debt Service Account and Finance Authority Reserve Account to be held and maintained by the Finance Authority and to the Program Account to be held and maintained by the Trustee pursuant to the Indenture, each in connection with the Loan. The Governmental Unit hereby approves the deposit of a portion of the proceeds of the Loan Agreement in the Program Account and the Finance Authority Debt Service Account all as set forth in the Term Sheet.

The proceeds derived from the execution and delivery of the Loan Agreement shall be deposited promptly upon the receipt thereof in the Finance Authority Debt Service Account and the Program Account all as provided in the Loan Agreement and the Indenture.

Until the Completion Date, the money in the Program Account shall be used and paid out solely for the purpose of acquiring the Project in compliance with applicable law and the provisions of the Loan Agreement and the Indenture.

The Governmental Unit will acquire the Project with all due diligence.

B. Completion of Acquisition of the Project. Upon the Completion Date, the Governmental Unit shall execute and send to the Finance Authority a certificate stating that acquisition of and payment for the Project has been completed. As soon as practicable, and, in any event, not more than sixty (60) days from the Completion Date, any balance remaining in the Program Account shall be transferred and deposited into the Finance Authority Debt Service Account, as provided in the Loan Agreement and the Indenture.

C. Finance Authority and Trustee Not Responsible. The Finance Authority and the Trustee shall in no manner be responsible for the application or disposal by the Governmental Unit or by its officers of the funds derived from the Loan Agreement or of any other funds herein designated.

Section 9. Deposit of Pledged Revenues, Distributions of the Pledged Revenues and Flow of Funds.

A. Deposit of Pledged Revenues. The Governmental Unit shall pay Pledged Revenues to the Finance Authority, or pursuant to the Intercept Agreement, the Pledged Revenues shall be redirected to the Finance Authority, for deposit in the Finance Authority Debt Service Account and remittance to the Trustee in an amount sufficient to pay the Loan Agreement Payments.

B. Termination on Deposits to Maturity. No payment shall be made into the Finance Authority Debt Service Account if the amount in the Finance Authority Debt Service Account and the Finance Authority Reserve Account totals a sum at least equal to the entire aggregate amount to become due as to principal and interest, on, and any other amounts due under, the Loan Agreement in which case moneys in such account in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in such accounts shall be transferred to the Governmental Unit and used as provided below.

C. Use of Surplus Revenues. After making all the payments hereinabove required to be made by this Section, any moneys remaining in the Finance Authority Debt Service Account shall be transferred to the Governmental Unit on a timely basis and shall be applied to any other lawful purpose, including, but not limited to, the payment of any Parity Obligations or bonds or obligations subordinate and junior to the Loan Agreement, or other purposes authorized by the Governmental Unit, the Constitution and laws of the State, as the Governmental Unit may from time to time determine.

Section 10. Lien on Pledged Revenues. Pursuant to the Loan Agreement, the Pledged Revenues are hereby authorized to be pledged to, and are hereby pledged, and the Governmental Unit grants a security interest therein for, the payment of the principal, interest, and any other amounts due under the Loan Agreement subject to the uses hereof permitted by and the priorities set forth in this Ordinance. The Loan Agreement constitutes an irrevocable and first lien, but not necessarily an exclusive first lien, on the Pledged Revenues with the lien thereon of the Parity Obligations as set forth herein and in the Loan Agreement. The Governmental Unit shall not create a lien on the Pledged Revenues superior to that of the Loan Agreement.

Section 11. Delegation of Authority to Approve the Final Terms of the Loan Agreement and Intercept Agreement Within the Parameters Set Forth Herein; Authorization of Authorized Officers; Delegated Authority to Make Budget Adjustments. The private placement of the Loan Agreement and Intercept Agreement with the Finance Authority within the parameters set forth below and as described in the Pricing Certificate is hereby approved. After the Loan Agreement and Intercept Agreement have been duly executed and upon receipt of the purchase price therefor, the Loan Agreement and Intercept Agreement shall be delivered to the Finance Authority by an Authorized Officer in accordance with the Pricing Certificate and this Ordinance. The final terms of the Loan Agreement and Intercept Agreement shall be within the parameters set forth below:

(a) The proceeds of the Loan Agreement shall be used for the Project.

(b) The maximum par amount of the Loan Agreement shall not be more than $3,065,000.

(c) The final maturity of the Loan Agreement shall be no later than June 1, 2039.

(d) The maximum interest rate on the Loan Agreement shall be no greater than 12% per annum.

(e) The Loan Agreement shall be secured by a first lien, but not an exclusive first lien, on and shall be payable solely from the Pledged Revenues.

(f) The Loan Agreement and Intercept Agreement shall be entered into pursuant to a private placement with the Finance Authority.

(g) The Finance Authority's Processing Fee, if any, shall not exceed 1% of the aggregate principal amount of the Loan Agreement.

(h) The Loan Agreement may be prepayable as set forth in the Pricing Certificate.

(i) The Loan Agreement and Intercept Agreement shall be in substantially the forms submitted to the Governing Body with the adoption of this Ordinance.

The Delegate is hereby authorized pursuant to this Ordinance to determine the final terms of the Loan Agreement and Intercept Agreement as permitted by Section 6-14-10.2 NMSA 1978 and to execute a Pricing Certificate in conformance with these parameters.

Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Ordinance, the Loan Agreement, the Intercept Agreement and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Ordinance, the Loan Agreement and the Intercept Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Ordinance, the Loan Agreement and the Intercept Agreement, including but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan Agreement and the Intercept Agreement, and the publication of the summary of this Ordinance set out in Section 17 of this Ordinance (with such changes, additions and deletions as may be necessary). The

Authorized Officers of the City are hereby authorized and directed to take all action necessary to make the budget adjustments needed to reflect the Loan Agreement proceeds.

Section 12. Amendment of Ordinance. Prior to the date of the initial delivery of the Loan Agreement to Finance Authority, the provisions of this Ordinance may be supplemented or amended by ordinance or resolution of the Governing Body with respect to any changes which are not inconsistent with the substantive provisions of this Ordinance. This Ordinance may be amended without receipt by the Governmental Unit of any additional consideration, but only with the prior written consent of the Finance Authority.

Section 13. Ordinance Irrepealable. After the Loan Agreement and the Intercept Agreement have been executed and delivered, this Ordinance shall be and remain irrepealable until all obligations due under the Loan Agreement shall be fully paid, canceled and discharged, as provided therein.

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 15. Repealer Clause. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 16. Effective Date. Upon due adoption of this Ordinance, it shall be recorded in the book of the Governmental Unit kept for that purpose, authenticated by the signatures of the Mayor and City Clerk of the Governmental Unit, and the title and general summary of the subject matter contained in this Ordinance (set out in Section 17 below) shall be published in a newspaper which maintains an office and is of general circulation in the Governmental Unit, or posted in accordance with law, and such Ordinance shall be in full force and effect thereafter, in accordance with law.

Section 17. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Ordinance shall be published in substantially the following form:

(Form of Summary of Ordinance for Publication)
City of Las Cruces, New Mexico
Notice of Adoption of Ordinance

Notice is hereby given of the title and of a general summary of the subject matter contained in Ordinance No. ____, duly adopted and approved by the Governing Body of the City of Las Cruces, New Mexico (the “City”), on July 20, 2026. Complete copies of the Ordinance are available for public inspection during the normal and regular business hours of the City Clerk, 700 North Main Street, Las Cruces, New Mexico.

The title of the Ordinance is:

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A $3,065,000 LOAN AGREEMENT FOR FLOOD CONTROL INFRASTRUCTURE IMPROVEMENT PROJECTS AND PAYING THE COSTS OF EXECUTION OF THE LOAN AGREEMENT WITH SUCH LOAN AGREEMENT TO BE SECURED BY A LIEN ON THE FIFTH QUARTER PERCENT INCREMENT OF MUNICIPAL GROSS RECEIPTS TAX AND THE HOLD HARMLESS DISTRIBUTIONS ASSOCIATED WITH THE FIFTH QUARTER PERCENT INCREMENT OF MUNICIPAL GROSS RECEIPTS TAX.

A general summary of the subject matter of the Ordinance is:

The Ordinance authorizes execution and delivery of a Loan Agreement and Intercept Agreement between the City and the New Mexico Finance Authority. The loan will be in the amount not to exceed $3,065,000 with the final terms of the Loan Agreement and Intercept Agreement to be approved by the Delegate pursuant to the Supplemental Public Securities Act. The proceeds of the loan will be used for flood control infrastructure improvement projects. The loan will be secured by the revenues derived from the fifth quarter percent increment of municipal gross receipts tax imposed pursuant to Ordinance No. 1135 adopted on March 26, 1990, with an effective date of July 1, 1990, as amended by City Ordinance No. 1760, adopted on July 27, 1999. The forms of the Loan Agreement and Intercept Agreement are approved along with the details of the loan to be determined by the Delegate within the parameters set forth in this Ordinance. Prior actions of City officials relating to the loan are ratified and further actions are authorized.

This notice constitutes compliance with Section 6-14-6, NMSA 1978.

(End of Form of Summary for Publication)

(II)

THAT City staff is hereby authorized to do all deeds as necessary in the accomplishment of the herein above.

DONE AND APPROVED this day of

APPROVED

____
Mayor

ATTEST:

____
City Clerk

Moved by:

Seconded by:

AYES

NAYS

$3,065,000

LOAN AGREEMENT

dated

August __, 2026

by and between the

NEW MEXICO FINANCE AUTHORITY

and

CITY OF LAS CRUCES, NEW MEXICO

Certain interests of the New Mexico Finance Authority under this Loan Agreement may be assigned to BOKF, NA, as trustee under an Indenture, as defined in Article I of this Loan Agreement.

LOAN AGREEMENT

THIS LOAN AGREEMENT dated August __, 2026 is entered into by and between the NEW MEXICO FINANCE AUTHORITY (the "Finance Authority"), and the CITY OF LAS CRUCES, NEW MEXICO (the "Governmental Unit"), a political subdivision duly organized and existing under the laws of the State of New Mexico (the "State").

W I T N E S S E T H:

WHEREAS, the Finance Authority is a public body politic and corporate constituting a governmental instrumentality, separate and apart from the State, duly organized and created under and pursuant to the laws of the State, particularly Section 6-21-1 et seq., NMSA 1978, as amended (the "Finance Authority Act"); and

WHEREAS, one of the purposes of the Finance Authority Act is to implement a program to permit qualified entities, such as the Governmental Unit, to enter into agreements with the Finance Authority to facilitate financing of public projects; and

WHEREAS, the Governmental Unit is a political subdivision duly organized and existing under and pursuant to the laws of the State and is a qualified entity under the Finance Authority Act; and

WHEREAS, the Governing Body of the Governmental Unit has determined that it is in the best interests of the Governmental Unit and its residents that the Governmental Unit enter into this Loan Agreement with the Finance Authority and accept a loan from the Finance Authority to finance the costs of flood control improvements as more fully described on the Term Sheet attached hereto as Exhibit "A"; and

WHEREAS, the Governmental Unit is authorized by the Act to impose by ordinance a Municipal Local Option Gross Receipts Tax pursuant to Section 7-19D-9, NMSA 1978; as amended; and

WHEREAS, pursuant to the Act, the Governmental Unit has by the Tax Ordinance imposed the municipal gross receipts tax on the gross receipts of all persons engaging in business within the Governmental Unit which provides for the Pledged Revenues; and

WHEREAS, the Act authorizes the Governmental Unit to use the Pledged Revenues to finance the Project and to enter into this Loan Agreement; and

WHEREAS, the Governmental Unit is a disadvantaged qualified entity within the meaning of Section 8(B)(4)(a) of the Finance Authority's Amended Rules and Regulations Governing the Public Project Revolving Fund Program; and

WHEREAS, the Finance Authority has determined that the Project is important to the overall capital needs of the residents of the State and that the Project will directly enhance the health and safety of the residents of the Governmental Unit; and

WHEREAS, the Governmental Unit has entered into the Intercept Agreement by and between the Finance Authority and the Governmental Unit whereby the Pledged Revenues due to the Governmental Unit from the Distributing State Agency are intercepted by the Finance Authority, or the Trustee, as its assignee, to make payments due under this Loan Agreement; and

WHEREAS, the Finance Authority may assign and transfer this Loan Agreement to the Trustee pursuant to the Indenture; and

WHEREAS, except as described on the Term Sheet, the Pledged Revenues have not been pledged or hypothecated in any manner or for any purpose at the time of the execution and delivery of this Loan Agreement, and the Governmental Unit desires to pledge the Pledged Revenues toward the payment of this Loan Agreement; and

WHEREAS, the obligation of the Governmental Unit hereunder shall constitute a special, limited obligation of the Governmental Unit, limited to the Pledged Revenues, and shall not constitute a general obligation or other indebtedness of the Governmental Unit or a charge against the general credit or ad valorem taxing power of the Governmental Unit or the State; and

WHEREAS, the execution, performance and delivery of this Loan Agreement and the Intercept Agreement have been authorized, approved and directed by all necessary and appropriate action of the Governing Body pursuant to the Ordinance; and

WHEREAS, the execution and performance of this Loan Agreement and the Intercept Agreement have been authorized, approved and directed by all necessary and appropriate action of the Finance Authority.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants herein contained, the parties hereto agree:

ARTICLE I
DEFINITIONS

Capitalized terms defined in the foregoing recitals shall have the same meaning when used in this Loan Agreement unless the context clearly requires otherwise. Capitalized terms not defined in the recitals and defined in this Article I shall have the same meaning when used in this Loan Agreement including the foregoing recitals, unless the context clearly requires otherwise.

"Act" means the general laws of the State, including Sections 3-31-1 through 3-31-12, Sections 6-14-1 through 6-14-12, and Section 7-19D-9, NMSA 1978, as amended, the Governmental Unit's Charter and home rule powers of the Governmental Unit under Article X, Section 6 of the State Constitution and enactments of the Governing Body relating to this Loan Agreement and Intercept Agreement, including the Ordinance.

"Additional Payment Obligations" mean payments in addition to Loan Agreement Payments required by this Loan Agreement, including, without limitation, payments required to replenish the Loan Agreement Reserve Account and payments required pursuant to the provisions of Article IX and Article X hereof.

"Aggregate Annual Debt Service Requirement" means the total principal, interest, and premium payments, if any, due and payable pursuant to this Loan Agreement and on all Parity Obligations secured by a pledge of the Pledged Revenues for any one Fiscal Year.

"Authorized Officers" means, in the case of the Governmental Unit, Mayor, Mayor Pro-Tem, City Manager, Director of Financial Services, Treasurer and City Clerk, and, in the case of the Finance Authority, the Chairman, Vice-Chairman and Secretary of the Board of Directors and the Chief Executive Officer or any other officer or employee of the Finance Authority designated in writing by an Authorized Officer.

"Blended Interest Rate" means the rate of interest on this Loan Agreement as shown on the Term Sheet.

"Bond Counsel" means nationally recognized bond counsel experienced in matters of municipal law, satisfactory to the Trustee and listed in the list of municipal bond attorneys, as published semiannually by The Bond Buyer's Municipal Marketplace, or any successor publication, acting as loan counsel to the Finance Authority.

"Bonds" means public project revolving fund revenue bonds, if any, issued hereafter by the Finance Authority to fund or reimburse this Loan Agreement.

"Closing Date" means the date of execution, delivery and funding of this Loan Agreement as shown on the Term Sheet.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Distributing State Agency" means the department or agency of the State, as described on the Term Sheet, authorized to distribute the Pledged Revenues to or on behalf of the Governmental Unit.

"Event of Default" means one or more events of default as defined in Section 10.1 of this Loan Agreement.

"Expenses" means the costs of issuance of this Loan Agreement and the Bonds, if any, and periodic and regular fees and expenses incurred by the Finance Authority in administering this Loan Agreement, including legal fees.

"Finance Authority Debt Service Account" means the debt service account established in the name of the Governmental Unit within the Debt Service Fund, as defined in the Indenture, held and administered by the Finance Authority to pay principal and interest, if any, on this Loan Agreement as the same become due.

"Fiscal Year" means the period beginning on July 1 in each calendar year and ending on the last day of June of the next succeeding calendar year, or any other twelve-month period which any appropriate authority may hereafter establish for the Governmental Unit as its fiscal year.

"Governing Body" means the duly organized City Council of the Governmental Unit, and any successor governing body of the Governmental Unit.

"Hold Harmless Flood Control MGRT Distribution" means the distribution to the Governmental Unit made pursuant to Section 7-1-6.46 NMSA 1978, as that distribution relates to the fifth one quarter of one percent (1/4%) increment of municipal gross receipts tax imposed on all persons engaging in business in the Governmental Unit by Ordinance 1135, which revenues are reduced pursuant to the deductions under Sections 7-9-92 and 7-9-93 NMSA 1978; provided that the percentage of such distribution decreases annually as provided in Section 7-1-6.46 NMSA 1978, each year beginning July 1, 2015 until the distribution is eliminated after July 1, 2029.

"Indenture" means the General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented, by and between the Finance Authority and the Trustee, as successor trustee, or the Subordinated General Indenture of Trust and Pledge dated as of March 1, 2005, as supplemented, by and between the Finance Authority and the Trustee, as successor trustee, as determined by the Finance Authority pursuant to a Pledge Notification or Supplemental Indenture (as defined in the Indenture).

"Independent Accountant" means: (i) an accountant employed by the State and under the supervision of the State Auditor; or (ii) any certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State, appointed and paid by the Governmental Unit who: (a) is, in fact, independent and not under the domination of the Governmental Unit; (b) does not have any substantial interest, direct or indirect, with the Governmental Unit; and (c) is not connected with the Governmental Unit as an officer or employee of the Governmental Unit, but who may be regularly retained to make annual or similar audits of the books or records of the Governmental Unit.

"Intercept Agreement" means the Intercept Agreement dated August __, 2026, between the Governmental Unit and the Finance Authority providing for the direct payment by the Distributing State Agency to the Finance Authority of the Pledged Revenues in amounts sufficient to pay Loan Agreement Payments, and any amendments or supplements to the Intercept Agreement.

"Interest Component" means the portion of each Loan Agreement Payment paid as interest on this Loan Agreement as shown on Exhibit "B" hereto.

"Loan" means the funds in the Loan Agreement Principal Amount to be loaned to the Governmental Unit by the Finance Authority pursuant to this Loan Agreement.

"Loan Agreement" means this loan agreement and any amendments or supplements hereto, including the exhibits attached to this loan agreement.

"Loan Agreement Balance" means, as of any date of calculation, the Loan Agreement Principal Amount less the aggregate principal amount paid or prepaid pursuant to the provisions of this Loan Agreement.

"Loan Agreement Payment" means, collectively, the Principal Component and the Interest Component, if any, to be paid by the Governmental Unit as payment of this Loan Agreement as shown on Exhibit "B" hereto.

"Loan Agreement Payment Date" means each date a payment is due on this Loan Agreement as shown on Exhibit "B" hereto.

"Loan Agreement Principal Amount" means the original principal amount of this Loan Agreement as shown on the Term Sheet.

"Loan Agreement Reserve Account" means the loan agreement reserve account established in the name of the Governmental Unit under the Indenture, funded by the Governmental Unit pursuant to the terms of this Loan Agreement, and administered by the Trustee pursuant to the Indenture. The Loan Agreement Reserve Account is to be funded only upon the circumstances provided in Section 5.2(c) of this Loan Agreement.

"Loan Agreement Reserve Requirement" means, with respect to the Loan, the amount shown as the Loan Agreement Reserve Account deposit on the Term Sheet which amount does not exceed the least of: (i) ten percent (10%) of the Loan Agreement Principal Amount; (ii) one hundred twenty-five percent (125%) of the average annual principal and interest requirements under this Loan Agreement; or (iii) the maximum annual principal and interest requirements under this Loan Agreement. The Loan Agreement Reserve Requirement, if any, shall be recalculated every year on or about June 1.

"Loan Agreement Term" means the term of this Loan Agreement as provided under Article III of this Loan Agreement.

"NMSA" means the New Mexico Statutes Annotated, 1978 compilation, as amended and supplemented.

"Ordinance" means the Governmental Unit Ordinance No. ___ adopted by the Governing Body on July 20, 2026 as supplemented by the Pricing Certificate executed on July __, 2026, approving this Loan Agreement and the Intercept Agreement and pledging the Pledged Revenues to the payment of the Loan Agreement Payments as shown on the Term Sheet.

"Parity Obligations" means this Loan Agreement, and any other obligations, now outstanding or hereafter issued or incurred, payable from or secured by a lien or pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on a parity with this Loan Agreement, including any such obligations shown on the Term Sheet.

"Permitted Investments" means securities which are at the time legal investments of the Governmental Unit for the money to be invested, as applicable, including but not limited to the following, if permitted by law: (i) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States, the federal home loan mortgage association, the federal national mortgage association, the federal farm credit bank, federal home loan banks or the student loan marketing association or that are backed by the full faith and credit of the United States government; (ii) negotiable securities of the State; (iii) money market funds which invest solely in obligations described in clause (i) above which are rated in the highest rating category by Moody's Investors Service, Inc., or S&P Global Ratings; and (iv) the State Treasurer's short-term investment fund created pursuant to Section 6-10-10.1, NMSA 1978, as amended, and operated, maintained and invested by the office of the State Treasurer.

"Pledged Revenues" means the revenues derived from (i) the fifth one quarter of one percent (1/4%) increment of municipal gross receipts tax imposed on all persons engaging in business in the Governmental Unit by the Tax Ordinance, which tax equals, subject to the exemptions specified in Section 7-19D-9 NMSA 1978, one fourth of one percent (1/4%) of the gross receipts of all persons engaging in business in the Governmental Unit for the month in which the tax is distributed to the Governmental Unit and (ii) the associated Hold Harmless Flood Control MGRT Distribution; provided that the Governmental Unit intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Ordinance (the Governmental Unit is not pledging and the term "Pledged Revenues" does not include the state-shared gross receipts tax or any other local option gross receipts tax income received by the Governmental Unit), pledged to payment of the Loan Agreement Payments pursuant to the Ordinance and described on the Term Sheet.

"Principal Component" means the portion of each Loan Agreement Payment paid as principal on this Loan Agreement as shown on Exhibit "B" hereto.

"Program Account" means the account in the name of the Governmental Unit established pursuant to the Indenture and held by the Trustee for the deposit of the net proceeds of this Loan Agreement for disbursal to the Governmental Unit for payment of the costs of the Project.

"Project" means the project(s) described on the Term Sheet.

"Tax Ordinance" means Ordinance No. 1135 adopted on March 26, 1990, with an effective date of July 1, 1990, as amended by City Ordinance No. 1760, adopted on July 27, 1999, which imposes for a municipality a Municipal Local Option Gross Receipts Tax known as one fourth of one percent (1/4%) of the gross receipts of all persons engaging in business within the Governmental Unit, subject to the exemptions specified in Section 7-19D-9 NMSA 1978.

"Term Sheet" means Exhibit "A" attached hereto.

"Trustee" means BOKF, NA, Albuquerque, New Mexico, or any successor trust company, national or state banking association or financial institution at the time appointed the Trustee by the Finance Authority.

"Unassigned Rights" means the rights of the Finance Authority to receive payment of the administrative expenses, reports and indemnity against claims pursuant to the provisions of this Loan Agreement which are withheld in the granting clauses of the Indenture from the pledge, assignment and transfer of this Loan Agreement to the Trustee.

ARTICLE II
REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Governmental Unit. The Governmental Unit represents, covenants and warrants:

(a) Binding Nature of Covenants. All covenants, stipulations, obligations and agreements of the Governmental Unit contained in this Loan Agreement shall be deemed to be the covenants, stipulations, obligations and agreements of the Governmental Unit to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Governmental Unit and its successors and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Loan Agreement, all rights, powers and privileges conferred and duties and liabilities imposed upon the Governmental Unit by the provisions of this Loan Agreement and the Ordinance shall be exercised or performed by the Governmental Unit or by such members, officers, or officials of the Governmental Unit as may be required by law to exercise such powers and to perform such duties.

(b) Personal Liability. No covenant, stipulation, obligation or agreement contained in this Loan Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, agent or employee of the Governmental Unit or member of the Governing Body in his or her individual capacity, and neither the members of the Governing Body nor any officer, agent or employee of the Governmental Unit executing this Loan Agreement shall be liable personally on this Loan Agreement or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

(c) Authorization of Loan Agreement and Intercept Agreement. The Governmental Unit is a political subdivision of the State and is duly organized and existing under the statutes and laws of the State. Pursuant to the Act, as amended and supplemented from time to time, the Governmental Unit is authorized by the Act to enter into the transactions contemplated by this Loan Agreement and the Intercept Agreement and to carry out its obligations hereunder and thereunder. The Governmental Unit has duly authorized and approved the execution and delivery of this Loan Agreement, the Intercept Agreement, and the other documents related to the transaction.

(d) Use of Loan Agreement Proceeds. The Governmental Unit shall proceed without delay in applying the proceeds of this Loan Agreement to the acquisition of the Project.

(e) Payment of Loan Agreement. The Governmental Unit shall promptly pay Loan Agreement Payments, as specified in Exhibit "B" hereto, according to the true intent and meaning of this Loan Agreement. Loan Agreement Payments are payable solely from the Pledged Revenues or from the proceeds of refunding bonds or other refunding obligations which the Governmental Unit may hereafter issue in its sole discretion and which are payable from the Pledged Revenues; and nothing in this Loan Agreement shall be construed as obligating the Governmental Unit to pay Loan Agreement Payments from any general or other fund of the Governmental Unit other than such special funds. Nothing contained in this Loan Agreement, however, shall be construed as prohibiting the Governmental Unit in its sole and absolute discretion, from making such payments from any moneys which may be lawfully used, and which are legally available, for that purpose.

(f) Acquisition and Completion of Project. The Project will consist of acquiring and completing flood control infrastructure improvements as set forth on the Term Sheet. The Project will be acquired and completed so as to comply with all applicable ordinances, resolutions and regulations, if any, and any and all applicable laws relating to the acquisition and completion of the Project and to the use of the Pledged Revenues. The Project complies with Section 7-19D-9 NMSA 1978, as amended.

(g) Necessity of Project. The acquisition of the Project under the terms and conditions provided for in this Loan Agreement is necessary, convenient and in furtherance of the governmental purposes of the Governmental Unit and is in the best interests of the Governmental Unit and its residents.

(h) Legal, Valid and Binding Special Obligation. The Governmental Unit has taken all required action necessary to authorize the execution and delivery of this Loan Agreement and the Intercept Agreement, and this Loan Agreement and the Intercept Agreement constitute legal, valid and binding special obligations of the Governmental Unit enforceable in accordance with their terms.

(i) Loan Agreement Term. The weighted average maturity of ____ years of the Loan Agreement does not exceed 120% of the reasonably expected life of the Project which is at least [10] years.

(j) Use of Project. During the Loan Agreement Term, the Project will at all times be used for the purpose of benefiting the Governmental Unit as a whole.

(k) No Private Activity. The Governmental Unit is a "governmental unit" within the meaning of Sections 103 and 141(b)(6) of the Code. In addition, no amounts disbursed from the Program Account and used to finance the Project shall be used in the trade or business of a person who is not a "governmental unit" within the meaning of Sections 103 and 141(b)(6) of the Code.

(l) No Excess Loan Agreement Proceeds. The amount loaned to the Governmental Unit under this Loan Agreement as set forth on the Term Sheet does not exceed the sum of: (i) the cost of the Project; (ii) the Loan Agreement Reserve Requirement; and (iii) an amount necessary to pay the costs related to issuance of the Bonds, if any.

(m) No Breach or Default Caused by Loan Agreement or Intercept Agreement. Neither the execution and delivery of this Loan Agreement and the Intercept Agreement, nor the fulfillment of or compliance with the terms and conditions in this Loan Agreement and the Intercept Agreement, nor the consummation of the transactions contemplated herein and therein, conflicts with or results in a breach of terms, conditions or provisions of any restriction or any agreement or instrument to which the Governmental Unit is a party or by which the Governmental Unit is bound or any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Governmental Unit or its properties are subject, or constitutes a default under any of the foregoing.

(n) Irrevocable Enactments. While this Loan Agreement remains outstanding and unpaid, any ordinance, resolution or other enactment of the Governing Body applying the Pledged Revenues for the payment of this Loan Agreement, including the Ordinance, shall be irrevocable until this Loan Agreement has been paid in full as to both principal and interest, and shall not be subject to amendment or modification in any manner which would in any way jeopardize the timely payment of Loan Agreement Payments.

(o) Outstanding Debt. Except for the Parity Obligations, if any, described on the Term Sheet, there are currently no outstanding bonds, notes or other obligations of the

Governmental Unit which are payable from and secured by a parity lien on the Pledged Revenues. No additional indebtedness, bonds or notes of the Governmental Unit payable on a priority ahead of the indebtedness herein authorized out of the Pledged Revenues shall be created or incurred while this Loan Agreement remains outstanding.

(p) No Litigation. To the knowledge of the Governmental Unit, no litigation or proceeding is pending or threatened against the Governmental Unit or any other person affecting the right of the Governmental Unit to execute or deliver this Loan Agreement or the Intercept Agreement or to comply with its obligations under this Loan Agreement or the Intercept Agreement. Neither the execution and delivery of this Loan Agreement or the Intercept Agreement by the Governmental Unit nor compliance by the Governmental Unit with the obligations under such agreements, requires the approval of any regulatory body, or any other entity, which approval has not been obtained or which is not reasonably expected to be obtained.

(q) No Event of Default. No event has occurred and no condition exists which, upon the execution and delivery of this Loan Agreement and the Intercept Agreement, would constitute an Event of Default on the part of the Governmental Unit under this Loan Agreement or the Intercept Agreement.

(r) Pledged Revenues Not Budgeted. The portion of the Pledged Revenues necessary to pay the Loan Agreement Payments, as and when due, is not needed or budgeted to pay current or anticipated operational or other expenses of the Governmental Unit.

(s) Expected Coverage Ratio. The Pledged Revenues (giving credit for any increase in Pledged Revenues which has received final approval of the Governing Body and become effective) from the Fiscal Year immediately preceding the Closing Date were equal to or exceeded, and, on an ongoing basis during each year of the Loan Agreement Term, are reasonably expected to equal or exceed, one hundred twenty-five percent (125%) of the maximum Aggregate Annual Debt Service Requirement.

(t) No Extension of Interest Payments. The Governmental Unit will not extend or be a party to the extension of the time for paying any interest on this Loan Agreement.

(u) Governmental Unit's Existence. The Governmental Unit will maintain its corporate identity and existence so long as this Loan Agreement is unpaid, unless another political subdivision by operation of law succeeds to the liabilities and rights of the Governmental Unit without adversely affecting to any substantial degree the privileges and rights of the Finance Authority.

(v) Continuing Disclosure. The Governmental Unit covenants that it shall provide continuing disclosure to the Finance Authority, as the Finance Authority may require, that shall include, but not be limited to: annual audits, operational data required to update information in any disclosure documents used to assign or securitize the Loan Agreement Payments by issuance of Bonds by the Finance Authority pursuant to the Indenture, and notification of any event deemed material by the Finance Authority.

(w) Tax Covenants. The Governmental Unit covenants that it shall restrict the use of the proceeds of this Loan Agreement in such manner and to such extent, if any, as may be necessary so that this Loan Agreement will not constitute an arbitrage bond under Section 148 of the Code and that it shall pay any applicable rebate to the Internal Revenue Service. Authorized Officers are hereby authorized and directed to execute an Arbitrage and Tax Certificate as may be required by the Finance Authority and such additional certificates as shall be necessary to establish that this Loan Agreement is not an "arbitrage bond" within the meaning of Section 148 of the Code and the Treasury Regulations promulgated or proposed with respect thereto, including Treasury Regulation Sections 1.148-1 through 1.148-11, 1.149 and 1.150 as the same currently exist, or may from time to time hereafter be amended, supplemented or revised. The Governmental Unit covenants to comply with the provisions of any such Arbitrage and Tax Certificate and the provisions thereof will be incorporated herein by reference to the same extent as if set forth herein. The Governmental Unit covenants that no use will be made of the proceeds of this Loan Agreement, or any funds or accounts of the Governmental Unit which may be deemed to be Gross Proceeds (as defined in Treasury Regulation Section 1.148-1(b)) of this Loan Agreement, which use, if it had been reasonably expected on the Closing Date, would have caused this Loan Agreement to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. Pursuant to this covenant, the Governmental Unit obligates itself to comply throughout the Loan Agreement Term with the requirements of Sections 103 and 141 through 150 of the Code and the regulations proposed or promulgated with respect thereto. The Governmental Unit further represents and covenants that no bonds or other evidence of indebtedness of the Governmental Unit payable from substantially the same source as this Loan Agreement have been or will be issued, sold or delivered within fifteen (15) days prior to or subsequent to the Closing Date.

(x) Pledged Revenues Covenants. The Governing Body has duly adopted the Tax Ordinance imposing the fifth one quarter of one percent (1/4%) Municipal Gross Receipts Tax, which constitutes the Pledged Revenues. The Tax Ordinance has not been repealed or superseded and is in full force and effect.

Section 2.2 Representations, Covenants and Warranties of the Finance Authority. The Finance Authority represents, covenants and warrants for the benefit of the Governmental Unit as follows:

(a) Authorization of Loan Agreement and Intercept Agreement. The Finance Authority is a public body politic and corporate constituting a governmental instrumentality, separate and apart from the State, duly organized, existing and in good standing under the laws of the State, has all necessary power and authority to enter into and perform and observe the covenants and agreements on its part contained in this Loan Agreement and the Intercept Agreement and, by proper action, has duly authorized the execution and delivery of this Loan Agreement and the Intercept Agreement based upon the Finance Authority's findings that:

(i) The Governmental Unit is a disadvantaged qualified entity in that its median household income is $____ which is less than one hundred percent (100%) of the State median household income of $_____.

(ii) The Project is important to the overall capital needs of the State and directly enhances the health and safety of the residents of the Governmental Unit.

(b) Assignment of Rights. The Finance Authority may not pledge or assign the Pledged Revenues, the Loan Agreement Payments or any of its other rights under this Loan Agreement and the Intercept Agreement except to the Trustee pursuant to the Indenture.

(c) No Breach or Default Caused by Loan Agreement or Intercept Agreement. Neither the execution and delivery of this Loan Agreement or the Intercept Agreement, nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement or the Intercept Agreement, nor the consummation of the transactions contemplated in this Loan Agreement or the Intercept Agreement, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Finance Authority is a party or by which the Finance Authority is bound or constitutes a default under any of the foregoing and will not conflict with or constitute a violation of any constitutional or statutory provision or order, rule, regulation, decree or resolution of any court, government or governmental authority having jurisdiction over the Finance Authority or its property, and which conflict or violation will have a material adverse effect on the Finance Authority or the financing of the Project.

(d) No Litigation. To the knowledge of the Finance Authority, there is no litigation or proceeding pending or threatened against the Finance Authority or any other person affecting the right of the Finance Authority to execute or deliver this Loan Agreement or the Intercept Agreement, or to comply with its obligations under this Loan Agreement or the Intercept Agreement. Neither, the execution and delivery of this Loan Agreement or the Intercept Agreement by the Finance Authority, nor compliance by the Finance Authority with its obligations under this Loan Agreement and the Intercept Agreement, requires the approval of any regulatory body, or any other entity, which approval has not been obtained.

(e) Legal, Valid and Binding Obligations. This Loan Agreement and the Intercept Agreement constitute the legal, valid and binding obligations of the Finance Authority enforceable in accordance with their terms.

(f) Tax-Exempt Reimbursement of Amount Loaned. The Finance Authority intends to reimburse the public project revolving fund (as defined in the Finance Authority Act) for the amount of the Loan from the proceeds of tax-exempt bonds which the Finance Authority expects to issue within eighteen (18) months of the Closing Date.

(g) Compliance with Securities Laws. The Finance Authority acknowledges that no offering document or prospectus has been prepared by the Governmental Unit with respect to this Loan Agreement. The Finance Authority is a sophisticated accredited investor regularly making loans and purchasing securities similar to this Loan Agreement and has been provided with and has reviewed such information as it deems relevant in making its decision to make the Loan to the Governmental Unit. Other than the pledge to the Trustee described above, the Finance Authority will not sell, pledge, transfer, convey, hypothecate, mortgage or dispose of this Loan Agreement, or any portion thereof, except to persons who have been provided sufficient information with which to make an informed investment decision regarding this Loan Agreement and in compliance with the Securities Act of 1933, as amended, the regulations promulgated thereunder and applicable state securities laws and regulations.

(h) Finance Authority Compliance with Policies. As related to this Loan Agreement, the Finance Authority has complied with all policies and procedures as adopted and approved by the Finance Authority Board of Directors, or such policies have been waived by the Finance Authority Board of Directors.

ARTICLE III
LOAN AGREEMENT TERM

The Loan Agreement Term shall commence on the Closing Date and shall not terminate until this Loan Agreement has been paid in full or provision for the payment of this Loan Agreement has been made pursuant to Article VIII hereof.

ARTICLE IV
LOAN; APPLICATION OF MONEYS

On the Closing Date, the Finance Authority shall transfer the Loan Agreement Principal Amount as follows:

(a) To the Trustee, the amount shown on the Term Sheet as the Program Account deposit shall be deposited into the Governmental Unit's Program Account to be maintained by the Trustee pursuant to the Indenture and disbursed pursuant to Section 6.2 hereof at the direction of the Governmental Unit as needed by the Governmental Unit for the Project; and

(b) To the Finance Authority, the amount shown on the Term Sheet as the Finance Authority Debt Service Account deposit shall be deposited into the Finance Authority Debt Service Account to be maintained by the Finance Authority or its assignee and utilized as provided in Section 5.2 hereof.

No deposit of proceeds of the Loan or other Governmental Unit moneys into the Loan Agreement Reserve Account shall be required on the Closing Date or at any time thereafter, except in the circumstances and on the conditions described in subsection (c) of Section 5.2 hereof.

ARTICLE V
LOAN TO THE GOVERNMENTAL UNIT;
PAYMENTS BY THE GOVERNMENTAL UNIT

Section 5.1 Loan to the Governmental Unit; Payment Obligations Limited to Pledged Revenues; Pledge of Pledged Revenues. The Finance Authority hereby lends to the Governmental Unit and the Governmental Unit hereby borrows from the Finance Authority an amount equal to the Loan Agreement Principal Amount. The Governmental Unit promises to pay, but solely from the sources pledged herein, the Loan Agreement Payments as herein provided. The Governmental Unit does hereby convey, assign and pledge unto the Finance Authority and unto its successors in trust forever all right, title and interest of the Governmental Unit in and to: (i) the Pledged Revenues to the extent required to pay the Loan Agreement Payments on parity with the Parity Obligations; (ii) the Finance Authority Debt Service Account, such account being held by the

Finance Authority; (iii) the Program Account, such account being held by the Trustee, (iv) the Loan Agreement Reserve Account, should such account be created and funded, pursuant to the terms of Section 5.2(c) and (d) of this Loan Agreement; and (v) all other rights hereinafter granted, for the securing of the Governmental Unit's obligations under this Loan Agreement, including payment of the Loan Agreement Payments and Additional Payment Obligations; provided, however, that if the Governmental Unit, its successors or assigns, shall well and truly pay, or cause to be paid, all Loan Agreement Payments at the time and in the manner contemplated by this Loan Agreement, then, upon such final payment or provision for payment by the Governmental Unit, this Loan Agreement and the rights created thereby shall terminate; otherwise, this Loan Agreement shall remain in full force and effect. The Loan Agreement Payments shall, in the aggregate, be sufficient to pay the Principal Component and Interest Component when due, the payment schedule of which is attached hereto as Exhibit "B."

The pledge of the Pledged Revenues and the lien thereon shall be effective upon the Closing Date. The Governmental Unit and the Finance Authority acknowledge and agree that the Loan Agreement Payments of the Governmental Unit hereunder are limited to the Pledged Revenues, and that this Loan Agreement shall constitute a special, limited obligation of the Governmental Unit. No provision of this Loan Agreement shall be construed or interpreted as creating a general obligation or other indebtedness of the Governmental Unit within the meaning of any constitutional or statutory debt limitation. No provision of this Loan Agreement shall be construed to pledge or to create a lien on any class or source of Governmental Unit moneys other than the Pledged Revenues, nor shall any provision of this Loan Agreement restrict the future issuance of any bonds or obligations payable from any class or source of Governmental Unit moneys other than the Pledged Revenues. In addition, to the extent not required for the payment of obligations of the Governmental Unit hereunder, the Pledged Revenues may be utilized by the Governmental Unit for any other purposes permitted by law.

Section 5.2 Payment Obligations of Governmental Unit. The Governmental Unit shall transfer to the Finance Authority from the Pledged Revenues either pursuant to the Intercept Agreement or directly from the Governmental Unit as provided by this Loan Agreement and the Intercept Agreement**,** the amounts provided in subsections (a)(i) and (ii) of this Section 5.2 for deposit into the Finance Authority Debt Service Account and the amounts provided in subsection (d) of this Section 5.2 for deposit into the Loan Agreement Reserve Account, if necessary. The Finance Authority Debt Service Account shall be established and held by the Finance Authority and the Loan Agreement Reserve Account shall be established and held by the Trustee, each on behalf of the Governmental Unit. All Pledged Revenues received by the Finance Authority pursuant to this Section 5.2 shall be accounted for and maintained on an ongoing basis by the Finance Authority in the Finance Authority Debt Service Account and all Loan Agreement Payments shall be remitted to the Trustee. The amounts on deposit in the Finance Authority Debt Service Account and the Loan Agreement Reserve Account shall be expended and used by the Finance Authority or the Trustee, as the case may be, only in the manner and order of priority specified below.

(a) As a first charge and lien, but not an exclusive first charge and lien, on the Pledged Revenues (on a parity with the lien on the Pledged Revenues created by any outstanding Parity Obligations), the Governmental Unit shall remit to the Finance Authority, and the Finance Authority shall transfer and deposit into the Finance Authority Debt Service Account the following from the Pledged Revenues received either directly or pursuant to the Intercept Agreement, which the Finance Authority shall transfer to the Trustee in accordance with the Indenture:

(i) Interest Components. (A) Monthly, beginning on the first day of the month following the Closing Date in an amount in equal monthly installments which is necessary to pay the first maturing Interest Component coming due on this Loan Agreement (which is December 1, ____), and (B) on the first day of each month thereafter, one-sixth of the amount necessary to pay the next maturing Interest Component on this Loan Agreement as described in Exhibit "B";

(ii) Principal Payments. (A) Monthly beginning on the first day of the month following the Closing Date in an amount in equal monthly installments which is necessary to pay the first maturing Principal Component (which is June 1, 2027) and (B) on the first day of each month thereafter, one-twelfth of the amount which is necessary to pay the next maturing Principal Component on this Loan Agreement during the Loan Agreement Term, as described in Exhibit "B".

The Governmental Unit shall transfer to the Finance Authority from the Pledged Revenues the amounts provided in subsections (i) and (ii) of this Section 5.2(a), and the Finance Authority shall not intercept such amounts from the Pledged Revenues pursuant to the Intercept Agreement unless the Governmental Unit fails to timely transfer each such amount, in which event the Finance Authority shall intercept such amounts from Pledged Revenues pursuant to the Intercept Agreement. Such amounts shall be intercepted in approximately equal monthly payments when distributions are made by the Distributing State Agency in accordance with a schedule prepared by the Finance Authority at the commencement of interception of payments. The monthly intercepted installments will be amounts sufficient, when combined, to meet the payments described in subparagraphs (a)(i) and (ii) above, on a parity with the payment of the Governmental Unit's outstanding Parity Obligations.

(b) Each Loan Agreement Payment shall be transferred by the Finance Authority from the Finance Authority Debt Service Account to the Trustee.

(c) The Treasurer (or successor) of the Governmental Unit, on or before the 150th day after the close of each Fiscal Year, shall deliver a certificate stating the ratio of coverage of Pledged Revenues to the Aggregate Annual Debt Service Requirement coming due in any subsequent Fiscal Year on the outstanding Loan Agreement and other Parity Obligations, if any (the "Debt Service Coverage Ratio"). No deposit shall be required in the Loan Agreement Reserve Account so long as the Pledged Revenues in each Fiscal Year equal or exceed two hundred percent (200%) of the maximum Aggregate Annual Debt Service Requirement coming due in any subsequent Fiscal Year on all outstanding Parity Obligations, if any. If the Debt Service Coverage Ratio in any Fiscal Year is insufficient to meet the test set forth in the preceding sentence, the Governmental Unit shall begin making substantially equal monthly deposits into the Loan Agreement Reserve Account from the first legally available Pledged Revenues so that after twenty-four (24) months an amount equal to the Loan Agreement Reserve Requirement will be held in the Loan Agreement Reserve Account. After funding the Loan Agreement Reserve Fund in an amount equal to the Loan Agreement Reserve Requirement, no additional payments need be made into the Loan Agreement Reserve Account so long as the moneys therein shall equal not less than the Loan

Agreement Reserve Requirement. Such accumulations shall be made from Pledged Revenues, second and subordinate to the payments referred to in Section 5.2(a) of this Loan Agreement.

After the funding of the Loan Agreement Reserve Account as aforesaid, if each certificate from the Treasurer of the Governmental Unit required under this Section 5.2(c) for two (2) consecutive Fiscal Years indicate that the Debt Service Coverage Ratio is at least two hundred percent (200%) of the maximum Aggregate Annual Debt Service Requirement coming due in any subsequent Fiscal Year on the outstanding Loan Agreement and other Parity Obligations, if any, any money or securities in the Loan Agreement Reserve Account may be transferred to other Governmental Unit funds or accounts, and the procedure provided in the first paragraph of this subparagraph (c) shall be reinstated. The moneys (if any) in the Loan Agreement Reserve Account shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in subparagraphs (d) and (e) of this Section 5.2, only to prevent deficiencies in the payment of the principal of and interest on the Loan Agreement resulting from failure to deposit into the Finance Authority Debt Service Account sufficient funds to pay the principal and interest as the same become due.

Notwithstanding any other provisions hereof, the Finance Authority shall have the right to waive the requirement of the Loan Agreement Reserve Account.

(d) If, on any Loan Agreement Payment Date, the Governmental Unit shall, for any reason, fail to pay into the Finance Authority Debt Service Account the full amount above stipulated from the Pledged Revenues, then an amount shall be paid into the Finance Authority Debt Service Account on such date from the Loan Agreement Reserve Account (if moneys are then on deposit in the Loan Agreement Reserve Account) equal to the difference between that paid from the Pledged Revenues and the full amount so stipulated. If the moneys paid into the Finance Authority Debt Service Account from the Loan Agreement Reserve Account are not equal to the amount required to be paid into the Finance Authority Debt Service Account for such date, then in the following month, an amount equal to the difference between the amount paid and the amount required shall be deposited into the Finance Authority Debt Service Account, in addition to the normal payment required to be paid in such month, from the first Pledged Revenues thereafter received and not required to be otherwise applied. The money deposited in the Finance Authority Debt Service Account from the Loan Agreement Reserve Account, if any, shall be replaced in the Loan Agreement Reserve Account from the first Pledged Revenues thereafter received not required to be otherwise applied such that the amount on deposit in the Loan Agreement Reserve Account equal the Loan Agreement Reserve Requirement within one (1) year following such withdrawal; provided that no additional Pledged Revenues shall be deposited or intercepted to replenish the Loan Agreement Reserve Account following the transfer of the amount in the Loan Agreement Reserve Account to the Finance Authority Debt Service Account for payment of the final two Interest Components and the final Principal Component. The moneys in the Loan Agreement Reserve Account shall be used solely and only for the purpose of paying any deficiencies in the payment of the principal of and the interest on the Loan Agreement; provided, however, that any moneys at any time in excess of the Loan Agreement Reserve Requirement in the Loan Agreement Reserve Account may be withdrawn therefrom and applied to any other lawful purpose.

Cash accumulated in the Loan Agreement Reserve Account shall not be invested in a manner which could cause the Loan Agreement to become arbitrage bonds within the meaning of the Code. Any investments held in the Loan Agreement Reserve Account shall be valued annually, on or about June 1, at their current fair market value and, if the amount then on deposit in the Loan Agreement Reserve Account exceeds the Loan Agreement Reserve Requirement, all amounts in excess of the Loan Agreement Reserve Requirement shall be transferred to the credit of the Governmental Unit to the Finance Authority Debt Service Account and used to pay principal of and interest on the Loan Agreement.

(e) No payment shall be made into the Finance Authority Debt Service Account or the Loan Agreement Reserve Account if the amounts in such accounts total a sum at least equal to the entire aggregate amount due as to principal and interest on, and any other amounts due under, the Loan Agreement in which case moneys in such accounts in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in such accounts shall be transferred to the Governmental Unit and used as provided below.

(f) Subject to the foregoing deposits, the Finance Authority or the Trustee shall annually use the balance of the Pledged Revenues received, if any, at the request of the Governmental Unit: (i) to credit against upcoming Loan Agreement Payments; or (ii) to distribute to the Governmental Unit for any purpose permitted by law.

Section 5.3 Manner of Payment. All payments of the Governmental Unit hereunder shall be paid in lawful money of the United States of America to the Finance Authority at the address designated in Section 11.1 herein, for remittance to the Trustee. The obligation of the Governmental Unit to make payments hereunder, from and to the extent of the available Pledged Revenues, shall be absolute and unconditional in all events, except as expressly provided hereunder, and payment hereunder shall not be abated through accident or unforeseen circumstances. Notwithstanding any dispute between the Governmental Unit, the Finance Authority, the Trustee, any vendor or any other person, the Governmental Unit shall make all deposits hereunder, from and to the extent of the available Pledged Revenues, when due and shall not withhold any deposit hereunder pending final resolution of such dispute, nor shall the Governmental Unit assert any right of set-off or counterclaim against its obligation to make such deposits required hereunder.

Section 5.4 Disposition of Payments by the Trustee. The Trustee shall deposit all moneys received from the Finance Authority under this Loan Agreement in accordance with the Indenture.

Section 5.5 Additional Parity Obligations. No provision of this Loan Agreement shall be construed in such a manner as to prevent the issuance by the Governmental Unit of additional Parity Obligations payable from the Pledged Revenues, nor to prevent the issuance of bonds or other obligations refunding all or a part of this Loan Agreement; provided, however, that before any such additional Parity Obligations are actually issued (excluding refunding bonds or refunding obligations which refund Parity Obligations but including parity refunding bonds and obligations which refund subordinate obligations as provided in Section 5.6 hereof), it must be determined that:

(a) The Governmental Unit is then current in all of the accumulations required to be made into the Finance Authority Debt Service Account and the Loan Agreement Reserve Account (if the Loan Agreement Reserve Account is then required to be funded) as provided in Section 5.2 hereof.

(b) No default shall exist in connection with any of the covenants or requirements of the Ordinance or this Loan Agreement.

(c) The Pledged Revenues (not including the Hold Harmless Flood Control MGRT Distribution) received by or credited to the Governmental Unit for the Fiscal Year immediately preceding the date of the issuance of such proposed additional Parity Obligations (the “Historic Test Period”) shall have been sufficient to pay an amount representing two hundred percent (200%) of the combined maximum Aggregate Annual Debt Service Requirement coming due in any subsequent Fiscal Year on the then outstanding Parity Obligations and the Parity Obligations proposed to be issued (excluding the accumulation of any reserves therefor).

(d) For purposes of the test set forth in clause (b) above, if on the date of issuance of the additional Parity Obligations, (a) any amount of the reserve fund requirement for the additional Parity Obligations is immediately deposited in or credited to the reserve fund for the additional Parity Obligations or, (b) any amount of the reserve fund requirement for any issue of outstanding Parity Obligations is then on deposit in or credited to the reserve fund for any issue of outstanding Parity Obligations, then the amounts on deposit in or credited to the respective reserve funds shall be deducted from the principal and interest coming due in the final Fiscal Year for the additional Parity Obligations or any issue of outstanding Parity Obligations for which such reserve fund was created.

(e) A written certification or opinion by the Governmental Unit’s Treasurer or Financial Director or by an Independent Accountant that the Pledged Revenues for the Historic Test Period are sufficient to pay said amounts, shall be conclusively presumed to be accurate in determining the right of the Governmental Unit to authorize, issue, sell and deliver the Parity Obligations proposed to be issued.

(f) The Governmental Unit shall notify the Finance Authority of the approval by the Governmental Unit of the issuance of any Parity Obligations or subordinate Obligations upon the Governmental Unit’s approval of the issuance of such Parity or subordinate Obligations.

(g) No provision of this Loan Agreement shall be construed in such a manner as to prevent the issuance by the Governmental Unit of additional bonds or other obligations payable from the Pledged Revenues constituting a lien upon such Pledged Revenues subordinate and junior to the lien of this Loan Agreement nor to prevent the issuance of bonds or other obligations refunding all or part of this Loan Agreement as permitted by Section 5.6 hereof.

(h) The Governmental Unit shall not issue bonds or other obligations payable from the Pledged Revenues having a lien thereon prior and superior to this Loan Agreement.

Section 5.6 Refunding Obligations. The provisions of Section 5.5 hereof are subject to the following exceptions:

(a) If at any time after the Closing Date, while this Loan Agreement, or any part thereof, is outstanding, the Governmental Unit shall find it desirable to refund any outstanding bonds or other outstanding obligations payable from the Pledged Revenues, this Loan Agreement, such bonds or other obligations, or any part thereof, may be refunded (but the holders of this Loan Agreement or bonds to be refunded may not be compelled to surrender this Loan Agreement or their bonds, unless this Loan Agreement, the bonds or other obligations, at the time of their required surrender for payment, shall then mature, or shall then be callable for prior redemption at the Governmental Unit's option), regardless of whether the priority of the lien for the payment of the refunding obligations on the Pledged Revenues is changed, except as provided in subparagraph (d) of Section 5.5 hereof and in subparagraphs (b) and (c) of this Section.

(b) No refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued on a parity with this Loan Agreement unless:

(i) The outstanding obligations so refunded are Parity Obligations and the refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest obligations evidenced by such refunded obligations; or

(ii) The refunding bonds or other refunding obligations are issued in compliance with Section 5.5 hereof.

(c) The refunding bonds or other obligations so issued shall enjoy complete equality of lien on the Pledged Revenues with the portion of this Loan Agreement or any bonds or other obligations of the same issue which is not refunded, if any; and the holder or holders of such refunding bonds or such other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the holder or holders of this Loan Agreement or the bonds or other obligations of the same issue refunded thereby. If only a part of this Loan Agreement or the outstanding bonds and any other outstanding obligations of any issue or issues payable from the Pledged Revenues is refunded, then such obligations may not be refunded without the consent of the holder or holders of the unrefunded portion of such obligations, unless:

(i) The refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest obligations evidenced by such refunded obligations and by the outstanding obligations not refunded on and prior to the last maturity date of such unrefunded obligations; or

(ii) The refunding bonds or other refunding obligations are issued in compliance with Section 5.5 hereof; or

(iii) The lien on the Pledged Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any obligations not refunded.

(d) Any refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued with such details as the Governmental Unit may provide by ordinance or resolution, but without any impairment of any contractual obligations imposed upon the Governmental Unit by any proceedings authorizing the issuance of any unrefunded portion of such outstanding obligations of any one or more issues (including, but not necessarily limited to, this Loan Agreement).

Section 5.7 Investment of Governmental Unit Funds. Money on deposit in the Finance Authority Debt Service Account established by the Finance Authority for the Governmental Unit may be invested by the Finance Authority in Permitted Investments at the discretion of the Finance Authority. Money on deposit in the Program Account and the Loan Agreement Reserve Account held by the Trustee and created hereunder may be invested by the Trustee in Permitted Investments at the written direction of the Finance Authority or at the discretion of the Trustee. Any earnings on any of said accounts shall be held and administered in each respective account and utilized in the same manner as the other moneys on deposit therein.

Section 5.8 Governmental Unit May Budget for Payments. The Governmental Unit may, in its sole discretion, but without obligation and subject to the Constitution of the State, governing laws, and its budgetary requirements, make available properly budgeted and legally available funds to defray any insufficiency of Pledged Revenues to pay Loan Agreement Payments; provided, however, the Governmental Unit has not covenanted and cannot covenant to make such funds available and has not pledged any of such funds for such purpose.

ARTICLE VI
THE PROJECT

Section 6.1 Agreement to Acquire the Project. The Governmental Unit hereby agrees that to effectuate the purposes of this Loan Agreement and to effectuate the acquisition and completion of the Project, it shall make, execute, acknowledge and transmit any contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and, in general, do all things which may be requisite or proper to acquire the Project. The Governmental Unit agrees to acquire and complete the Project through the application of moneys to be disbursed from the Program Account pursuant to Section 6.2 of this Loan Agreement.

Section 6.2 Disbursements From the Program Account. So long as no Event of Default shall occur, the Trustee shall disburse moneys from the Program Account in accordance with Section 6.2 of the Indenture upon receipt by the Trustee of a requisition substantially in the form of Exhibit ”C” attached hereto signed by an Authorized Officer of the Governmental Unit.

No disbursement shall be made from the Program Account without the approval of Bond Counsel: (i) to reimburse the Governmental Unit’s own funds for expenditures made prior to the Closing Date; (ii) to refund or advance refund any tax-exempt obligations issued by or on behalf of the Governmental Unit; (iii) to be used, directly or indirectly, to finance a project used or to be used in the trade or business of a person who is not a “governmental unit,” within the meaning of Section 141(b)(6) of the Code; or (iv) to expend funds after the date that is three (3) years after the execution and delivery of this Loan Agreement.

Section 6.3 Completion of the Project. Upon completion of the Project, an Authorized Officer of the Governmental Unit shall deliver a certificate to the Finance Authority and the Trustee substantially in the form of Exhibit ”D” attached hereto stating that, to the best of his or her knowledge, the Project has been completed and accepted by the Governmental Unit, and all costs have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Section 6.4 Application of Loan Agreement Proceeds Subsequent to Completion of the Project. Upon completion of the Project as signified by delivery of the completion certificate contemplated in Section 6.3 hereof or in the event that the Finance Authority and the Trustee shall not have received a certificate of completion as required by Section 6.3 hereof by the date three (3) years from the Closing Date (or such later date as is approved in writing by Bond Counsel), the Trustee shall transfer the amounts remaining in the Program Account (except amounts necessary for payment of amounts not then due and payable) to the Finance Authority Debt Service Account and such amounts shall be used for the payment of Loan Agreement Payments.

ARTICLE VII
COMPLIANCE WITH LAWS
AND RULES; OTHER COVENANTS

Section 7.1 Further Assurances and Corrective Instruments. The Finance Authority and the Governmental Unit agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or of the Pledged Revenues, or for otherwise carrying out the intention hereof.

Section 7.2 Finance Authority and Governmental Unit Representatives. Whenever under the provisions hereof the approval of the Finance Authority or the Governmental Unit is required, or the Governmental Unit or the Finance Authority is required to take some action at the request of the other, such approval or such request shall be given for the Finance Authority or for the Governmental Unit by an Authorized Officer of the Finance Authority or the Governmental Unit, as the case may be, and any party hereto shall be authorized to act on any such approval or request.

Section 7.3 Requirements of Law. During the Loan Agreement Term, the Governmental Unit and the Finance Authority shall observe and comply promptly with all current and future orders of all courts having jurisdiction over the parties hereto, the Project or the Pledged Revenues.

Section 7.4 First Lien; Equality of Liens. The Loan Agreement Payments constitute an irrevocable first lien (but not necessarily an exclusive first lien) upon the Pledged Revenues. The Governmental Unit covenants that the Loan Agreement Payments and any Parity Obligations herein authorized to be issued and from time to time outstanding shall be equitably and ratably secured by a first lien on the Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance of such obligations, it being the intention of the Governmental Unit that there shall be no priority between the Loan Agreement Payments and any such Parity Obligations regardless of the fact that they may be actually issued and delivered at different times.

Section 7.5 Expeditious Completion. The Governmental Unit shall complete the Project with all practical dispatch.

ARTICLE VIII
PREPAYMENT OF LOAN AGREEMENT PAYMENTS

Section 8.1 Prepayment. The Governmental Unit is hereby granted the option to prepay any of the Principal Components of this Loan Agreement in whole or in part on any day on or after ten (10) years following the Closing Date without penalty or prepayment premium. The Governmental Unit may designate the due dates of any Principal Components being prepaid in the event of a partial prepayment. Notice of intent to make such prepayment shall be provided to the Finance Authority and the Trustee by the Governmental Unit no less than forty-five (45) days prior to the prepayment date. The Trustee shall recalculate the Loan Agreement Payments due under this Loan Agreement in the event of a partial prepayment in a manner which is consistent with the manner in which the Bonds, if any, are prepaid.

Section 8.2 Defeasance. Should the Governmental Unit pay or make provision for payment of the Loan such that all amounts due pursuant to this Loan Agreement shall be deemed to have been paid and defeased, then the Loan Agreement Payments hereunder shall also be deemed to have been paid, the Governmental Unit's payment obligations hereunder shall be terminated, this Loan Agreement and all obligations contained herein shall be discharged and the pledge hereof released. Such payment shall be deemed made when the Governmental Unit has deposited with an escrow agent, in trust, (i) moneys sufficient to make such payment, and/or (ii) noncallable Government Obligations maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment and when all necessary and proper expenses of the Finance Authority have been paid or provided for. In the event the Governmental Unit makes provisions for defeasance of this Loan Agreement, the Governmental Unit shall cause to be delivered (1) a report of an independent nationally recognized certified public accountant verifying the sufficiency of the escrow established to pay this Loan Agreement in full when due or upon an irrevocably designated prepayment date, and (2) an opinion of Bond Counsel to the effect that this Loan Agreement is no longer outstanding, each of which shall be addressed and delivered to the Finance Authority. Government Obligations within the meaning of this Section 8.2, unless otherwise approved by the Finance Authority, shall include only (1) cash, (2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGs"), and (3) obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

ARTICLE IX
INDEMNIFICATION

From and to the extent of the Pledged Revenues, to the extent permitted by law, the Governmental Unit shall and hereby agrees to indemnify and save the Finance Authority and the Trustee harmless against and from all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the acquisition or operation of the Project during the Loan Agreement Term, from: (i) any act of negligence or other misconduct of the Governmental Unit or breach of any covenant or warranty by the Governmental Unit hereunder; and (ii) the incurrence of any cost or expense in connection with the acquisition or operation of the Project in excess of the Loan Agreement proceeds and interest on the investment thereof. The Governmental Unit shall indemnify and save the Finance Authority and the Trustee harmless, from and to the extent of the available Pledged Revenues, from any such claim arising as aforesaid from (i) or (ii) above, or in connection with any action or proceeding brought thereon and, upon notice from the Finance Authority or the Trustee, shall defend the Finance Authority or the Trustee, as applicable, in any such action or proceeding.

ARTICLE X
EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default Defined. Any one of the following shall be an Event of Default under this Loan Agreement:

(a) Failure by the Governmental Unit to pay any amount required to be paid under this Loan Agreement on the date on which it is due and payable;

(b) Failure by the Governmental Unit to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in paragraph (a), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the Governmental Unit by the Finance Authority or the Trustee unless the Finance Authority and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice can be wholly cured within a period of time not materially detrimental to the rights of the Finance Authority or the Trustee but cannot be cured within the applicable thirty (30) day period, the Finance Authority and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Governmental Unit within the applicable period and diligently pursued until the failure is corrected; and provided, further, that if by reason of force majeure the Governmental Unit is unable to carry out the agreements on its part herein contained, the Governmental Unit shall not be deemed in default under this paragraph (b) during the continuance of such inability (but force majeure shall not excuse any other Event of Default);

(c) Any warranty, representation or other statement by or on behalf of the Governmental Unit contained in this Loan Agreement or in any instrument furnished in compliance with or in reference to this Loan Agreement is false or misleading in any material respect;

(d) A petition is filed against the Governmental Unit under any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within thirty (30) days after such filing, but the Finance Authority and the Trustee shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests;

(e) The Governmental Unit files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under any such law; or

(f) The Governmental Unit admits insolvency or bankruptcy or its inability to pay its debts as they become due or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including, without limitation, a receiver, liquidator or trustee) of the Governmental Unit for any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than thirty (30) days, but the Finance Authority and the Trustee shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests.

Section 10.2 Remedies on Default. Whenever any Event of Default has occurred and is continuing and subject to Section 10.3 hereof, the Finance Authority or the Trustee may take any or all of the following actions as may appear necessary or desirable to collect the payments then due and to become due or to enforce performance of any agreement of the Governmental Unit in this Loan Agreement or the Intercept Agreement:

(a) By mandamus or other action or proceeding or suit at law or in equity to enforce the rights of the Finance Authority and the Trustee under this Loan Agreement and the Intercept Agreement against the Governmental Unit, and compel the Governmental Unit to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained herein; or

(b) By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Finance Authority or the Trustee; or

(c) Intervene in judicial proceedings that affect this Loan Agreement or the Pledged Revenues; or

(d) Cause the Governmental Unit to account as if it were the trustee of an express trust for all of the Pledged Revenues; or

(e) Take whatever other action at law or in equity may appear necessary or desirable to collect amounts then due and thereafter to become due under this Loan Agreement or to enforce any other of its rights thereunder; or

(f) Apply any amounts in the Program Account toward satisfaction of any of the obligations of the Governmental Unit under this Loan Agreement.

Section 10.3 Limitations on Remedies. A judgment requiring a payment of money entered against the Governmental Unit may reach only the available Pledged Revenues.

Section 10.4 No Remedy Exclusive. Subject to Section 10.3 hereof, no remedy herein conferred upon or reserved to the Finance Authority or the Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder as now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Finance Authority or the Trustee to exercise any remedy reserved in this Article X, it shall not be necessary to give any notice, other than such notice as may be required in this Article X.

Section 10.5 Waivers of Events of Default. The Finance Authority or the Trustee may in its discretion waive by written waiver any Event of Default hereunder and the consequences of such an Event of Default provided, however, that there shall not be waived: (i) any Event of Default in the payment of the principal of this Loan Agreement at the date when due as specified herein; or (ii) any default in the payment when due of the interest on this Loan Agreement, unless prior to such waiver or rescission, all arrears of interest, with interest at the rate borne by this Loan Agreement on all arrears of payments of principal and all expenses of the Finance Authority or the Trustee, in connection with such Event of Default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Finance Authority or the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case, the Finance Authority and the Trustee shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 10.6 No Additional Waiver Implied by One Waiver. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be in writing and limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.7 Agreement to Pay Attorneys' Fees and Expenses. In the event that the Governmental Unit shall default under any of the provisions hereof and the Finance Authority or the Trustee shall employ attorneys or incur other expenses for the collection of payments hereunder, or the enforcement of performance or observance of any obligation or agreement on the part of the Governmental Unit herein contained, the Governmental Unit agrees that it shall on demand therefor pay to the Finance Authority or the Trustee, as applicable, the fees of such attorneys and such other expenses so incurred, to the extent that such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction; provided, however, that the obligation of the Governmental Unit under this Section shall be limited to expenditures from and to the extent of the available Pledged Revenues.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered as follows: if to the Governmental Unit, 700 North Main Street, Las Cruces, New Mexico 88001, Attention: City Director of Financial Services; if to the Finance Authority, New Mexico Finance Authority, 810 West San Mateo Road, Santa Fe, New Mexico 87505, Attention: Chief Executive Officer; and if to the Trustee, BOKF, NA, 100 Sun Avenue NE, Suite 500, Albuquerque, New Mexico 87109, Attention: Trust Division. The Governmental Unit, the Finance Authority, and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.2 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Finance Authority, the Governmental Unit and their respective successors and assigns, if any.

Section 11.3 Amendments. The Governmental Unit agrees that this Loan Agreement will not be amended without the prior written consent of the Finance Authority, and, if the Loan has been pledged under the Indenture (as defined herein), without the prior written consent of the Trustee (as defined herein), the Finance Authority and the Governmental Unit, pursuant to the Indenture.

Section 11.4 No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this Loan Agreement shall be had against any member, employee, director or officer, as such, past, present or future, of the Finance Authority, either directly or through the Finance Authority, or against any officer, employee, director, trustee or member of the Governing Body, past, present or future, as an individual so long as such individual was acting in good faith. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer, employee, director, trustee or member of the Governing Body or of the Finance Authority is hereby expressly waived and released by the Governmental Unit and by the Finance Authority as a condition of and in consideration for the execution of this Loan Agreement.

Section 11.5 Severability. In the event that any provision of this Loan Agreement, other than the requirement of the Governmental Unit to pay hereunder, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.6 Execution in Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.7 Assignment by the Finance Authority. Pursuant to the Indenture, this Loan Agreement and the Intercept Agreement may be assigned and transferred by the Finance Authority to the Trustee, which assignment and transfer is hereby acknowledged and approved by the Governmental Unit.

Section 11.8 Compliance with Governing Law. It is hereby declared by the Governing Body that it is the intention of the Governmental Unit by the execution of this Loan Agreement to comply in all respects with the provisions of the New Mexico Constitution and statutes as the same govern the pledge of the Pledged Revenues to payment of all amounts payable under this Loan Agreement.

Section 11.9 Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.10 Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

(Signature pages follow)

IN WITNESS WHEREOF, the Finance Authority, on behalf of itself, and as approved by the Board of Directors of the Finance Authority on June __, 2026, has executed this Loan Agreement in its corporate name by its duly authorized officer; and the Governmental Unit has caused this Loan Agreement to be executed in its corporate name and the seal of the Governmental Unit affixed and attested by its duly authorized officers. All of the above are effective as of the date first above written.

NEW MEXICO FINANCE AUTHORITY

By____
Marquita D. Russel, Chief Executive Officer

PREPARED FOR EXECUTION BY OFFICERS
OF THE NEW MEXICO FINANCE AUTHORITY:
Sutin, Thayer & Browne A Professional Corporation
As Loan Counsel

By____
Eduardo A. Duffy

APPROVED FOR EXECUTION BY OFFICERS OF
THE NEW MEXICO FINANCE AUTHORITY:

By____
Mark Chaiken, General Counsel

CITY OF LAS CRUCES, NEW MEXICO

[SEAL]

By:_______________________________________
Eric Enriquez, Mayor

ATTEST:

By:_______________________________________
Christine Rivera, City Clerk

EXHIBIT "A"

TERM SHEET
New Mexico Finance Authority Loan PPRF-____

Governmental Unit:	City of Las Cruces, New Mexico
Project Description:	The acquisition, construction, maintenance and completion of various flood control infrastructure projects, including the payment of Costs of Issuance and related professional fees
Loan Agreement Principal Amount:	$3,065,000
Disadvantaged Funding Amount:	$______
Pledged Revenues:	Revenues derived from (i) the fifth one quarter of one percent (1/4%) increment of municipal gross receipts tax imposed on all persons engaging in business in the Governmental Unit by Governmental Unit Ordinance No. 1135, adopted on March 26, 1990, with an effective date of July 1, 1990, as amended by City Ordinance No. 1760, adopted on July 27, 1999, which tax equals, subject to the exemptions specified in Section 7-19D-9 NMSA 1978, one fourth of one percent (1/4%) of the gross receipts of all persons engaging in business in the Governmental Unit for the month in which the tax is distributed to the Governmental Unit and (ii) the associated Hold Harmless Flood MGRT Distribution; provided that the Governmental Unit intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Ordinance (the Governmental Unit is not pledging and the term "Pledged Revenues" does not include the state-shared gross receipts tax or any other local option gross receipts tax income received by the Governmental Unit).
Coverage Ratio:	125%
Distributing State Agency:	State of New Mexico Taxation and Revenue Department
Currently Outstanding Parity Obligations:	Series 2016 Municipal Gross Receipts Tax Improvement Revenue Bonds in the original aggregate principal amount of $5,000,000, of which $570,000 remains outstanding with a final maturity of June 1, 2028 (the "2016 Bonds") PPRF-5206 dated June 5, 2020 with NMFA in the original aggregate principal amount of $3,580,000, of which

	$985,000 remains outstanding with a final maturity date of June 1, 2032 (the "2020 NMFA Loan")
	PPRF-6169 dated July 14, 2023 in the original aggregate principal amount of $3,070,000 of which $860,000 remains outstanding with a final maturity date of June 1, 2035 (the "2023 NMFA Loan")
Additional Parity Bonds Test:	200%, with notice to Finance Authority upon approval of Parity or subordinate Obligations
Authorizing Legislation:	Ordinance No. ____ adopted on July 20, 2026 as supplemented by the Pricing Certificate executed on July __, 2026
Closing Date:	August __, 2026
Blended Interest Rate:	______%
Program Account Deposit:	$3,065,000 (including $____ for Costs of Issuance)
Loan Agreement Reserve Account Deposit:	$0.00 (Loan Agreement Reserve Requirement is the least of: (i) ten percent (10%) of the Loan Agreement Principal Amount; (ii) one hundred twenty-five percent (125%) of the average annual principal and interest requirements under this Loan Agreement; or (iii) the maximum annual principal and interest requirements under this Loan Agreement), if required to be funded pursuant to Section 5.2(c) hereof.
Finance Authority Debt Service Account Deposit:	$0.00
First Interest Payment Date:	December 1, 2026
First Principal Payment Date:	June 1, 2027
Final Payment Date:	June 1, ____

<u>PROGRAM ACCOUNT DEPOSITS MUST BE USED WITHIN THREE YEARS UNLESS A LATER DATE IS APPROVED IN WRITING TO THE TRUSTEE AND THE FINANCE AUTHORITY BY BOND COUNSEL TO THE FINANCE AUTHORITY</u>

EXHIBIT "B"

DEBT SERVICE SCHEDULE FOR LOAN REPAYMENT

[SEE ATTACHED]

EXHIBIT "C"

FORM OF REQUISITION

RE: $3,065,000 Loan Agreement by and between the City of Las Cruces, New Mexico, and the New Mexico Finance Authority (the "Loan Agreement").

TO: BOKF, NA
c/o New Mexico Finance Authority
PPRF@nmfa.net

You are hereby authorized to disburse from the Program Account – City of Las Cruces, New Mexico (2026 Flood Control Improvements Loan), with regard to the above-referenced Loan Agreement the following:

LOAN NO.: PPRF-____ CLOSING DATE: August __, 2026

REQUISITION NUMBER: ___________________

NAME AND ADDRESS OF PAYEE: ____

AMOUNT OF PAYMENT: $____________________

PURPOSE OF PAYMENT: ____

Each obligation, item of cost or expense mentioned herein is for costs of the Project, is due and payable, has not been the subject of any previous requisition and is a proper charge against the Program Account – City of Las Cruces, New Mexico (2026 Flood Control Improvements Loan).

All representations contained in the Loan Agreement and the related closing documents remain true and correct and the City of Las Cruces, New Mexico, is not in breach of any of the covenants contained therein.

If this is the final requisition, payment of costs of the Project is complete or, if not complete, the City of Las Cruces**,** New Mexico**,** shall, and understands its obligation to, complete the acquisition of the Project from other legally available funds.

Capitalized terms used herein, are used as defined or used in the Loan Agreement.

DATED: ___________________________ By: ___________________________________
Authorized Officer of Borrower
Title: ___________________________________
Print Name and Title

EXHIBIT "D"

CERTIFICATE OF COMPLETION

RE: $3,065,000 Loan Agreement by and between the City of Las Cruces, New Mexico and the New Mexico Finance Authority (the "Loan Agreement").

TO: New Mexico Finance Authority
PPRF@nmfa.net

Susen Ellis
Assistant Vice President, Corporate Trust
BOKF, NA
100 Sun Avenue NE, Suite 500
Albuquerque, New Mexico 87109

LOAN NO.: PPRF-____ CLOSING DATE: August __, 2026

In accordance with Section 6.3 of the Loan Agreement, the undersigned states, to the best of his or her knowledge, that the acquisition of the Project has been completed and accepted by the Governmental Unit, and all costs have been paid as of the date of this Certificate. Notwithstanding the foregoing, this certification is given without prejudice to any rights against third parties which exist at the date of this Certificate or which may subsequently come into being.

Capitalized terms used herein, are used as defined or used in the Loan Agreement.

DATED: ______________________

By:__________________________________
Authorized Officer of Governmental Unit

Title: ________________________________
Print Name and Title

ORDINANCE NO. ____; COUNCIL BILL NO. ____

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A $3,065,000 LOAN AGREEMENT FOR FLOOD CONTROL INFRASTRUCTURE IMPROVEMENT PROJECTS AND PAYING THE COSTS OF EXECUTION OF THE LOAN AGREEMENT WITH SUCH LOAN AGREEMENT TO BE SECURED BY A LIEN ON THE FIFTH QUARTER PERCENT INCREMENT OF MUNICIPAL GROSS RECEIPTS TAX AND THE HOLD HARMLESS DISTRIBUTIONS ASSOCIATED WITH THE FIFTH QUARTER PERCENT INCREMENT OF MUNICIPAL GROSS RECEIPTS TAX.

Capitalized terms used in the following preambles have the same meaning as defined in Section 1 of the Ordinance unless the context requires otherwise.

WHEREAS, the Governmental Unit is a legally and regularly created, established, organized and existing municipality under the general laws of the State; and

WHEREAS, the Governing Body has determined and hereby determines that the Project may be financed with amounts borrowed under the Loan Agreement and that it is in the best interest of the Governmental Unit and its residents that the Loan Agreement and Intercept Agreement be executed and delivered within the parameters set forth herein and upon the final terms set forth in the Pricing Certificate and that the financing of the acquisition of the Project take place by executing and delivering the Loan Agreement and Intercept Agreement; and

WHEREAS, the Governing Body has determined that it may lawfully pledge the Pledged Revenues for the payment of amounts due under the Loan Agreement and Intercept Agreement; and

WHEREAS, other than as described in the Term Sheet, the Pledged Revenues have not heretofore been pledged to secure the payment of any obligation; and

WHEREAS, the Loan Agreement shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues and shall not constitute a general obligation of the Governmental Unit, or a debt or pledge of the faith and credit of the Governmental Unit or the State; and

WHEREAS, there have been presented to the Governing Body and there presently are on file with the City Clerk this Ordinance and the forms of the Loan Agreement and Intercept Agreement, which are incorporated by reference and considered to be a part hereof; and

WHEREAS, the Governing Body hereby determines that the Project to be financed by the Loan is to be used for governmental purposes of the Governmental Unit and will not be used for purposes which would cause the Loan Agreement to be deemed a "private activity bond" as defined by the Internal Revenue Code of 1986, as amended; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use and pledge of the Pledged Revenues to the Finance Authority for the payment of the amounts due under the Loan Agreement, (ii) the use of the proceeds of the Loan Agreement to finance the Project, and (iii) the authorization, execution and delivery of the Loan Agreement and Intercept Agreement which are required to have been obtained by the date of this Ordinance, have been obtained or are reasonably expected to be obtained.

NOW, THEREFORE, Be it ordained by the governing body of the City of Las Cruces that:

(I)

Section 1. Definitions. As used in the Ordinance, the following terms shall, for all purposes, have the meanings herein specified, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

"Act" means the general laws of the State, including Sections 3-31-1 through 3-31-12 and 6-14-1 through 6-14-12, NMSA 1978, as amended, the charter of the Governmental Unit, and enactments of the Governing Body relating to the Loan Agreement and Intercept Agreement, including this Ordinance.

"Authorized Officers" means the Mayor, Mayor Pro-Tem, City Manager, Director of Financial Services, Treasurer and City Clerk of the Governmental Unit.

"Bonds" means public project revolving fund revenue bonds, if any, issued hereafter by the Finance Authority to fund or reimburse the Loan Agreement.

"Closing Date" means the date of execution, delivery and funding of the Loan Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Completion Date" means the date of final payment of the cost of the Project.

"Delegate" means the City Manager, City Director of Financial Services, or other Authorized Officer of the City delegated the authority to approve the final terms of the Loan Agreement and Intercept Agreement.

"Distributing State Agency" means the department or agency of the State, as described on the Term Sheet, authorized to distribute the Pledged Revenues to or on behalf of the Governmental Unit.

"Expenses" means the cost of execution of the Loan Agreement and the costs of issuance of the Bonds, if any, and the periodic and regular fees and expenses incurred by the Finance Authority in administering the Loan Agreement, including legal fees.

"Finance Authority" means the New Mexico Finance Authority.

"Finance Authority Debt Service Account" means the debt service account in the name of the Governmental Unit established under the Indenture and held by the Finance Authority to pay principal and interest on the Loan Agreement as the same become due.

"Finance Authority Reserve Account" means the account in the name of the Governmental Unit established in the Loan Agreement, held by the Finance Authority, and funded upon the conditions and administered as provided in the Loan Agreement.

"Fiscal Year" means the period commencing on July 1 in each calendar year and ending on the last day of June of the next succeeding calendar year, or any other twelve-month period which any appropriate authority may hereafter establish for the Governmental Unit as its fiscal year.

"Governing Body" means the City Council of the Governmental Unit, or any future successor governing body of the Governmental Unit.

"Governmental Unit" means the City of Las Cruces, New Mexico.

"Herein," "hereby," "hereunder," "hereof," "hereinabove" and "hereafter" refer to the entire Ordinance and not solely to the particular section or paragraph of the Ordinance in which such word is used.

"Hold Harmless Flood Control MGRT Distribution" means the distribution to the City made pursuant to Section 7-1-6.46 NMSA 1978, as that distribution relates to the fifth one quarter of one percent (1/4%) increment of municipal gross receipts tax imposed on all persons engaging in business in the City by City Ordinance No. 1135, which revenues are reduced pursuant to the deductions under Sections 7-9-92 and 7-9-93 NMSA 1978; provided that the percentage of such distribution decreases annually as provided in Section 7-1-6.46 NMSA 1978 each year until the distribution is eliminated after July 1, 2029.

"Indenture" means the General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented, by and between the Finance Authority and the Trustee, or the Subordinated General Indenture of Trust and Pledge dated as of March 1, 2005, as supplemented, by and between the Finance Authority and the Trustee, as determined by the Finance Authority pursuant to a Pledge Notification or Supplemental Indenture (as such terms are defined in the Indenture).

"Intercept Agreement" means the Intercept Agreement, if any, dated the Closing Date between the Governmental Unit and Finance Authority providing for the direct payment, if required, by the Distributing State Agency to the Finance Authority of Pledged Revenues in amounts sufficient to pay principal and interest and any other amounts due on the Loan Agreement, and any amendments or supplements to the Intercept Agreement.

"Loan" means the funds to be loaned to the Governmental Unit by the Finance Authority pursuant to the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated the Closing Date between the Finance Authority and the Governmental Unit which provides for the financing of the Project and requires payments by or on behalf of the Governmental Unit to the Finance

Authority, and any amendments or supplements thereto, and including the exhibits attached to the Loan Agreement.

"Loan Agreement Principal Amount" means an amount not to exceed $3,065,000, the original principal amount of the loan as shown on the Term Sheet and as set forth in the Pricing Certificate.

"NMSA 1978" means the New Mexico Statutes Annotated, 1978 compilation, as amended and supplemented.

"Ordinance" means this Ordinance No. _____ as adopted by the Governing Body on July 20, 2026, approving the Loan Agreement and Intercept Agreement and pledging the Pledged Revenues to the payment of the Loan Agreement, as amended from time to time.

"Parity Obligations" mean the 2016 Bonds, the 2020 NMFA Loan, the 2023 NMFA Loan (all as defined in the Term Sheet), the Loan Agreement and any other obligations, now or hereafter issued or incurred, payable from or secured by a lien or pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on a parity with the Loan Agreement, including any such obligations shown on the Term Sheet.

"Pledged Revenues" means the revenues derived from (i) the fifth one quarter of one percent (1/4%) increment of municipal gross receipts tax imposed on all persons engaging in business in the City by City Ordinance No. 1135, adopted on March 26, 1990, with an effective date of July 1, 1990, as amended by City Ordinance No. 1760, adopted on July 27, 1999, which tax equals, subject to the exemptions specified in Section 7-19D-9 NMSA 1978, one fourth of one percent (1/4%) of the gross receipts of all persons engaging in business in the City for the month in which the tax is distributed to the City and (ii) the associated Hold Harmless Flood Control MGRT Distribution; provided that the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the City is not pledging and the term "Pledged Revenues" does not include the state-shared gross receipts tax or any other local option gross receipts tax income received by the City).

"Pricing Certificate" means one or more certificates executed by the Delegate dated on or before the date of execution and delivery of the Loan Agreement, setting forth the following final terms of the Loan Agreement and Intercept Agreement: (i) the interest and principal payment dates; (ii) the principal amounts, denominations and maturity amortization; (iii) the sale prices; (iv) the interest rate or rates; (v) the interest payment periods; (vi) the redemption provisions; (vii) the creation of any capitalized interest fund, if any, including the size and funding of such fund(s); and (viii) the final terms of agreements, if any, with the Finance Authority or service providers required for the execution and delivery of the Loan Agreement and Intercept Agreement, all subject to the parameters and conditions contained in this Ordinance.

"Program Account" means the account in the name of the Governmental Unit established under the Indenture and held by the Trustee for deposit of the net proceeds of the Loan Agreement for disbursal to the Governmental Unit for payment of the costs of the Project.

"Project" means the acquisition, construction, maintenance and completion of various flood control infrastructure projects, including the payment of Expenses and professional fees related to the issuance and delivery of the Loan Agreement as described in Exhibit "A" to the Loan Agreement.

"State" means the State of New Mexico.

"Subordinate Obligations" means the obligations now outstanding (as listed on Exhibit "A" to the Loan Agreement) or hereafter issued with a lien on the Pledged Revenues subordinate to the lien thereon of the Loan Agreement and the Parity Obligations.

"Term Sheet" means Exhibit "A" to the Loan Agreement.

"Trustee" means the BOKF, NA, or any successor trustee company, national or state banking association or financial institution at the time appointed Trustee by the Finance Authority.

Section 2. Ratification. All actions heretofore taken (not inconsistent with the provisions of this Ordinance) by the Governing Body and officers of the Governmental Unit directed toward the acquisition of the Project and the execution and delivery of the Loan Agreement and Intercept Agreement, be, and the same hereby are, ratified, approved and confirmed.

Section 3. Authorization of the Project, the Loan Agreement and Intercept Agreement. The acquisition of the Project and the method of financing the Project through execution and delivery of the Loan Agreement and the Intercept Agreement are hereby authorized and ordered. The Project is for the benefit and use of the Governmental Unit.

Section 4. Findings. The Governmental Unit hereby declares that it has considered all relevant information and data and hereby makes the following findings:

A. The Project is needed to meet the needs of the Governmental Unit and its residents and the issuance and delivery of the Loan Agreement is necessary and advisable.

B. Moneys available and on hand for the Project from all sources other than the Loan are not sufficient to defray the cost of acquiring the Project.

C. The Pledged Revenues may lawfully be pledged to secure the payment of amounts due under the Loan Agreement.

D. It is economically feasible to defray, in whole or in part, the costs of the Project by the execution and delivery of the Loan Agreement.

E. The Project and the execution and delivery of the Loan Agreement and the Intercept Agreement pursuant to the Act to provide funds for the financing of the Project are necessary and in the interest of the public health, safety, and welfare of the residents of the Governmental Unit.

F. The Governmental Unit will acquire the Project, in whole or in part, with the net proceeds of the Loan.

G. Other than as described in the Term Sheet, the Governmental Unit does not have any outstanding obligations payable from Pledged Revenues which it has incurred or will incur prior to the initial execution and delivery of the Loan Agreement and the Intercept Agreement.

H. The net effective interest rate on the Loan to be established in the Pricing Certificate does not exceed twelve percent (12.0%) per annum, which is the maximum rate permitted by State law.

Section 5. Loan Agreement and Intercept Agreement - Authorization and Detail.

A. Authorization. This Ordinance has been adopted by the affirmative vote of three-fourths of all of the members of the Governing Body. For the purpose of protecting the public health, conserving the property, protecting the general welfare and prosperity of the residents of the Governmental Unit and acquiring the Project, it is hereby declared necessary that the Governmental Unit, pursuant to the Act, execute and deliver the Loan Agreement and Intercept Agreement evidencing a special, limited obligation of the Governmental Unit to pay the Loan Agreement Principal Amount not to exceed $3,065,000 plus interest thereon, and the execution and delivery of the Loan Agreement and the Intercept Agreement are hereby authorized. The Governmental Unit shall use the proceeds of the Loan to finance the acquisition of the Project and to pay the costs of issuance of the Loan Agreement. The Project will be owned by the Governmental Unit.

B. Detail. The Loan Agreement and Intercept Agreement shall be in substantially the forms of the Loan Agreement and Intercept Agreement presented at the meeting of the Governing Body at which this Ordinance was adopted with the approval of the final terms of the Loan Agreement and Intercept Agreement to be accepted by the Delegate in the Pricing Certificate within the parameters set forth in this Ordinance as permitted by Section 6-14-10.2 NMSA 1978. The Loan shall be in an aggregate principal amount not to exceed $3,065,000 as set forth in the Pricing Certificate, shall be payable in installments of principal due on June 1 of the years designated in the Pricing Certificate and Exhibit "B" to the Loan Agreement and bear interest payable on June 1 and December 1 of each year, commencing on the date and at the rates designated in the Pricing Certificate and in Exhibit "B" to the Loan Agreement.

Section 6. Approval of Loan Agreement and Intercept Agreement. The forms of the Loan Agreement and the Intercept Agreement as presented at the meeting of the Governing Body at which this Ordinance was adopted are hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Loan

Agreement and the Intercept Agreement with such changes, insertions and omissions that are consistent with this Ordinance as may be approved by such the Delegate in the Pricing Certificate, and the City Clerk is hereby authorized to affix the seal of the Governmental Unit on the Loan Agreement and the Intercept Agreement and attest the same. The execution of the Loan Agreement and the Intercept Agreement by an Authorized Officer shall be conclusive evidence of such approval.

Section 7. Special Limited Obligation. The Loan Agreement shall be secured by the pledge of the Pledged Revenues as set forth in the Loan Agreement and shall be payable solely from the Pledged Revenues. The Loan Agreement, together with interest thereon and other obligations of the Governmental Unit thereunder, shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues as provided in this Ordinance and the Loan Agreement and shall not constitute a general obligation of the Governmental Unit or the State, and the holders of the Loan Agreement may not look to any general or other fund of the Governmental Unit for payment of the obligations thereunder. Nothing contained in this Ordinance or in the Loan Agreement, or any other instruments, shall be construed as obligating the Governmental Unit (except with respect to the application of the Pledged Revenues), as incurring a pecuniary liability or a charge upon the general credit of the Governmental Unit or against its taxing power, nor shall a breach of any agreement contained in this Ordinance, the Loan Agreement, or any other instrument impose any pecuniary liability upon the Governmental Unit or any charge upon its general credit or against its taxing power. The Loan Agreement shall never constitute an indebtedness of the Governmental Unit within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Governmental Unit or a charge against its general credit or taxing power. Nothing herein shall prevent the Governmental Unit from applying other funds of the Governmental Unit legally available therefor to payments required by the Loan Agreement, in its sole and absolute discretion, including funds on deposit in the Governmental Unit's fund designated as the Flood Control Improvement Project Acquisition Fund (2026).

Section 8. Disposition of Proceeds: Completion of Acquisition of the Project.

A. Program Account, Finance Authority Debt Service Account and Finance Authority Reserve Account. The Governmental Unit hereby consents to creation of the Finance Authority Debt Service Account and Finance Authority Reserve Account to be held and maintained by the Finance Authority and to the Program Account to be held and maintained by the Trustee pursuant to the Indenture, each in connection with the Loan. The Governmental Unit hereby approves the deposit of a portion of the proceeds of the Loan Agreement in the Program Account and the Finance Authority Debt Service Account all as set forth in the Term Sheet.

The proceeds derived from the execution and delivery of the Loan Agreement shall be deposited promptly upon the receipt thereof in the Finance Authority Debt Service Account and the Program Account all as provided in the Loan Agreement and the Indenture.

Until the Completion Date, the money in the Program Account shall be used and paid out solely for the purpose of acquiring the Project in compliance with applicable law and the provisions of the Loan Agreement and the Indenture.

The Governmental Unit will acquire the Project with all due diligence.

B. Completion of Acquisition of the Project. Upon the Completion Date, the Governmental Unit shall execute and send to the Finance Authority a certificate stating that acquisition of and payment for the Project has been completed. As soon as practicable, and, in any event, not more than sixty (60) days from the Completion Date, any balance remaining in the Program Account shall be transferred and deposited into the Finance Authority Debt Service Account, as provided in the Loan Agreement and the Indenture.

C. Finance Authority and Trustee Not Responsible. The Finance Authority and the Trustee shall in no manner be responsible for the application or disposal by the Governmental Unit or by its officers of the funds derived from the Loan Agreement or of any other funds herein designated.

Section 9. Deposit of Pledged Revenues, Distributions of the Pledged Revenues and Flow of Funds.

A. Deposit of Pledged Revenues. The Governmental Unit shall pay Pledged Revenues to the Finance Authority, or pursuant to the Intercept Agreement, the Pledged Revenues shall be redirected to the Finance Authority, for deposit in the Finance Authority Debt Service Account and remittance to the Trustee in an amount sufficient to pay the Loan Agreement Payments.

B. Termination on Deposits to Maturity. No payment shall be made into the Finance Authority Debt Service Account if the amount in the Finance Authority Debt Service Account and the Finance Authority Reserve Account totals a sum at least equal to the entire aggregate amount to become due as to principal and interest, on, and any other amounts due under, the Loan Agreement in which case moneys in such account in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in such accounts shall be transferred to the Governmental Unit and used as provided below.

C. Use of Surplus Revenues. After making all the payments hereinabove required to be made by this Section, any moneys remaining in the Finance Authority Debt Service Account shall be transferred to the Governmental Unit on a timely basis and shall be applied to any other lawful purpose, including, but not limited to, the payment of any Parity Obligations or bonds or obligations subordinate and junior to the Loan Agreement, or other purposes authorized by the Governmental Unit, the Constitution and laws of the State, as the Governmental Unit may from time to time determine.

Section 10. Lien on Pledged Revenues. Pursuant to the Loan Agreement, the Pledged Revenues are hereby authorized to be pledged to, and are hereby pledged, and the Governmental Unit grants a security interest therein for, the payment of the principal, interest, and any other amounts due under the Loan Agreement subject to the uses hereof permitted by and the priorities set forth in this Ordinance. The Loan Agreement constitutes an irrevocable and first lien, but not necessarily an exclusive first lien, on the Pledged Revenues with the lien thereon of the Parity Obligations as set forth herein and in the Loan Agreement. The Governmental Unit shall not create a lien on the Pledged Revenues superior to that of the Loan Agreement.

Section 11. Delegation of Authority to Approve the Final Terms of the Loan Agreement and Intercept Agreement Within the Parameters Set Forth Herein; Authorization of Authorized Officers; Delegated Authority to Make Budget Adjustments.

The private placement of the Loan Agreement and Intercept Agreement with the Finance Authority within the parameters set forth below and as described in the Pricing Certificate is hereby approved. After the Loan Agreement and Intercept Agreement have been duly executed and upon receipt of the purchase price therefor, the Loan Agreement and Intercept Agreement shall be delivered to the Finance Authority by an Authorized Officer in accordance with the Pricing Certificate and this Ordinance. The final terms of the Loan Agreement and Intercept Agreement shall be within the parameters set forth below:

(a) The proceeds of the Loan Agreement shall be used for the Project.

(b) The maximum par amount of the Loan Agreement shall not be more than $3,065,000.

(c) The final maturity of the Loan Agreement shall be no later than June 1, 2039.

(d) The maximum interest rate on the Loan Agreement shall be no greater than 12% per annum.

(e) The Loan Agreement shall be secured by a first lien, but not an exclusive first lien, on and shall be payable solely from the Pledged Revenues.

(f) The Loan Agreement and Intercept Agreement shall be entered into pursuant to a private placement with the Finance Authority.

(g) The Finance Authority's Processing Fee, if any, shall not exceed 1% of the aggregate principal amount of the Loan Agreement.

(h) The Loan Agreement may be prepayable as set forth in the Pricing Certificate.

(i) The Loan Agreement and Intercept Agreement shall be in substantially the forms submitted to the Governing Body with the adoption of this Ordinance.

The Delegate is hereby authorized pursuant to this Ordinance to determine the final terms of the Loan Agreement and Intercept Agreement as permitted by Section 6-14-10.2 NMSA 1978 and to execute a Pricing Certificate in conformance with these parameters.

Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Ordinance, the Loan Agreement, the Intercept Agreement and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Ordinance, the Loan Agreement and the Intercept Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Ordinance, the Loan Agreement and the Intercept Agreement, including but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan Agreement and the Intercept Agreement, and the publication of the summary of this Ordinance set out in Section 17 of this Ordinance (with such changes, additions and deletions as may be necessary). The Authorized Officers of the City are hereby authorized and directed to take all action necessary to make the budget adjustments needed to reflect the Loan Agreement proceeds.

Section 12. Amendment of Ordinance. Prior to the date of the initial delivery of the Loan Agreement to Finance Authority, the provisions of this Ordinance may be supplemented or amended by ordinance or resolution of the Governing Body with respect to any changes which are not inconsistent with the substantive provisions of this Ordinance. This Ordinance may be amended without receipt by the Governmental Unit of any additional consideration, but only with the prior written consent of the Finance Authority.

Section 13. Ordinance Irrepealable. After the Loan Agreement and the Intercept Agreement have been executed and delivered, this Ordinance shall be and remain irrepealable until all obligations due under the Loan Agreement shall be fully paid, canceled and discharged, as provided therein.

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 15. Repealer Clause. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 16. Effective Date. Upon due adoption of this Ordinance, it shall be recorded in the book of the Governmental Unit kept for that purpose, authenticated by the signatures of the Mayor and City Clerk of the Governmental Unit, and the title and general summary of the subject matter contained in this Ordinance (set out in Section 17 below) shall be published in a newspaper which maintains an office and is of general circulation in the Governmental Unit, or posted in accordance with law, and such Ordinance shall be in full force and effect thereafter, in accordance with law.

Section 17. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Ordinance shall be published in substantially the following form:

(Form of Summary of Ordinance for Publication)

City of Las Cruces, New Mexico

Notice of Adoption of Ordinance

Notice is hereby given of the title and of a general summary of the subject matter contained in Ordinance No. ____, duly adopted and approved by the Governing Body of the City of Las Cruces, New Mexico (the “City”), on July 20, 2026. Complete copies of the Ordinance are available for public inspection during the normal and regular business hours of the City Clerk, 700 North Main Street, Las Cruces, New Mexico.

The title of the Ordinance is:

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A $3,065,000 LOAN AGREEMENT FOR FLOOD CONTROL INFRASTRUCTURE IMPROVEMENT PROJECTS AND PAYING THE COSTS OF EXECUTION OF THE LOAN AGREEMENT WITH SUCH LOAN AGREEMENT TO BE SECURED BY A LIEN ON THE FIFTH QUARTER PERCENT INCREMENT OF MUNICIPAL GROSS RECEIPTS TAX AND THE HOLD HARMLESS DISTRIBUTIONS ASSOCIATED WITH THE FIFTH QUARTER PERCENT INCREMENT OF MUNICIPAL GROSS RECEIPTS TAX.

A general summary of the subject matter of the Ordinance is:

The Ordinance authorizes execution and delivery of a Loan Agreement and Intercept Agreement between the City and the New Mexico Finance Authority. The loan will be in the amount not to exceed $3,065,000 with the final terms of the Loan Agreement and Intercept Agreement to be approved by the Delegate pursuant to the Supplemental

Public Securities Act. The proceeds of the loan will be used for flood control infrastructure improvement projects. The loan will be secured by the revenues derived from the fifth quarter percent increment of municipal gross receipts tax imposed pursuant to Ordinance No. 1135 adopted on March 26, 1990, with an effective date of July 1, 1990, as amended by City Ordinance No. 1760, adopted on July 27, 1999. The forms of the Loan Agreement and Intercept Agreement are approved along with the details of the loan to be determined by the Delegate within the parameters set forth in this Ordinance. Prior actions of City officials relating to the loan are ratified and further actions are authorized.

This notice constitutes compliance with Section 6-14-6, NMSA 1978.

(End of Form of Summary for Publication)

(II)

THE City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this 20th day of July, 2026.

APPROVED:

____
Eric Enriquez, Mayor

ATTEST:

____
Christine Rivera, City Clerk

Moved by:
Seconded by:

AYES

NAYS

EXHIBIT "A"

Meeting Agenda
July 20, 2026
City Council Meeting

STATE OF NEW MEXICO)
COUNTY OF DOÑA ANA) ss.
CITY OF LAS CRUCES)

I, Christine Rivera, the duly acting and qualified City Clerk of the City of Las Cruces, New Mexico (the "Governmental Unit"), do hereby certify:

1. The foregoing pages are a true, perfect, and complete copy of the record of the proceedings of the City Council (the "Governing Body"), constituting the governing body of the City had and taken at a duly called regular meeting held at the Municipal Offices, 700 North Main Street, Las Cruces, New Mexico, on July 20, 2026, at the hour of 1:00 p.m., insofar as the same relate to the execution and delivery of the proposed Loan Agreement and Intercept Agreement, a copy of each of which is set forth in the official records of the proceedings of the Governing Body kept in my office. None of the action taken has been rescinded, repealed, or modified.

2. Such proceedings were duly had and taken as therein shown, the meeting therein was duly held, and the persons therein named were present at such meeting, as therein shown.

3. Notice of such meeting was given in compliance with the permitted methods of giving notice of regular meetings of the Governing Body as required by the City's open meetings standards presently in effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of July, 2026.

CITY OF LAS CRUCES, NEW MEXICO

[SEAL]

____
Christine Rivera, City Clerk