CITY COUNCIL
AGENDA

Mayor
Eric Enriquez

Mayor Pro Tem
John Munoz

Councilors
Cassie McClure
William Mattiace
Michael Harris
Johana Bencomo
Becky Corran

Tuesday, February 17, 2026 at 1:00 PM

Council Chambers

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 Harris.
   - 1.2. Presentation of Certificates of Appreciation/Proclamations - Councilor Harris.
   - 1.3. Jobs of the Week.
   - 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. Regular City Council Meeting of January 20, 2026. — 3 - 21
     City Council - Jan 20 2026 - Minutes - Pdf
6. **RESOLUTION(S) AND/OR ORDINANCE(S) FOR CONSENT AGENDA**

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

7.1. RESOLUTION NO. 26-102: 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. 22 - 162

Resolution No. 26-102 - Pdf

7.2. RESOLUTION NO. 26-103: A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES (CITY) TO ACCEPT SECOND QUARTER BUDGET ADJUSTMENTS FOR VARIOUS CITY DEPARTMENTS THROUGH AN AMENDMENT TO THE CITY'S ADOPTED FISCAL YEAR (FY) 2025-26 BUDGET. 163 - 186

Resolution No. 26-103 - Pdf

7.3. COUNCIL BILL NO. 26-016; ORDINANCE NO. 3108: AN ORDINANCE AMENDING CHAPTER 2, ARTICLE IV, DIVISION 3, SUBDIVISION XIV. VETERANS ADVISORY BOARD OF THE LAS CRUCES MUNICIPAL CODE (LCMC) REGARDING MEMBERSHIP. 187 - 194

Ordinance No. 3108 - 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).

10. CITY COUNCIL MEMBER BOARD REPORTS AND COMMENT

11. CITY MANAGER REPORT

12. ADJOURNMENT

MINUTES
City Council
Tuesday, January 20, 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 City Councilor John Munoz

ABSENT:

1. OPENING CEREMONIES

1.1 PLEDGE OF ALLEGIANCE - MAYOR ENRIQUEZ.

1.2 PRESENTATION OF CERTIFICATES OF APPRECIATION/PROCLAMATIONS - MAYOR ENRIQUEZ.

Mayor Enriquez presented Catholic School students with a proclamation for Celebrate Catholic Schools Week.

Catrina Godinez, Community Engagement Manager introduced the Sister Cities presentation on the trip to Lerdo and Tim Chappell gave an overhead presentation.

1.3 JOBS OF THE WEEK.

Sarah Raney, Americas Job Centers of New Mexico presented Jobs 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

Jason Smith, Member of the Public said during the global war on terror I worked on aerial surveillance at the highest levels. These were careful disciplined professionals the kind of people movies are made out of and there were actually movies made of some of these people. Even with the layers of review and every intention of doing the right thing still make catastrophic mistakes. Not because we were reckless but because we trusted data that looked conclusive. That experience is why I am deeply concerned watching cities outsource suspicion to AI systems especially through unethical companies like Flock Safety and their unsecure devices. Devices that are all over this town. Because when a tool exists that makes judgement feel easier it will used and human discretion quietly atrophies. In Aurora, Colorado, an automated license plate reader system falsely flagged a vehicle as stolen. A family was forced face down on hot pavement at gun point, children crying, parents cuffed. That mistake ended in a $1.9 million settlement. In that moment the error rate of the system didn't matter which is about 10% by the way. The database did. Felony stops are dangerous affairs and easy to imagine, one turning deadly of any sudden movement or misunderstanding causing that to happen. Flock calls this safety, that is their branding. Their own patent calls it a dynamic surveillance network. It is not safety it is surveillance. It is suspicion not safety. The Supreme Court has been clear in Carpenter vs. The United States, the court ruled that people do not lose their expectation of privacy simply by moving through public space. Long term tracking of a person's movements requires a warrant. Flock is a much more intrusive record, without judicial oversight. This is why deactivation is not enough the system collects, retain and share data as long as the camera remains, the infrastructure remains and so does the risk. Many other cities have already stepped away. You have that option. Not safety surveillance. It's not safety. It is AI outsourced suspicion, self-censorship for watch citizenry and a system that would make Orwell turn over in his grave and ask did you even read the book. I urge you to remove all Flock ALPR cameras and cancel the contract with Flock Safety.

Lynn Moorer, Member of the Public said today we delve further into the city's non-compliance of the Lead and Copper Rule. In addition to sighting inspection reports of inventory records to document our findings we are sharing exerts from a master spreadsheet the city has provided in response to IPRA requests. Las Cruces Utilities is required to and promised it would put disadvantaged properties at the head of the line and prioritize their investigation and if needed pipe replacement. The document containing this promise was provided in Handout A at the November 17, 2025, meeting. All reports of inspections carried out during a week in this past November selected at random were requested under IPRA. Handout 1 is two spreadsheets that show disadvantaged properties are not actually prioritized by the city. The disadvantaged column is highlighted. Of 42 inspections conducted the week of November 2 through 8th, 74% were not at disadvantaged properties. Only 26% inspected that week are disadvantaged. This is disappointing to say the least. If disadvantaged properties were actually prioritized as the city promised and is required to do not one property that is not disadvantaged would be inspected until all the disadvantaged ones have been inspected, absent an overwriting reason. We have previously noticed inaccuracies spread throughout the Utilities Department's records. Today we bring more evidence that the city's shambolic approach evened by records that are inconsistent with each other and riveting with errors. All properties that we are talking about today are designated as in disadvantaged neighborhoods. A mobile home community on Spruce Avenue of 110 properties is one of the few mobile home communities the city has included on the inventory map. Handout 2 includes inventory records for a sampling of those properties. Not a single one of the 110 is located on the map where its address says it is. There are no street signs in this community which reflect the street names that appear on the inventory map. I have checked it out. If a citizen were to look at the map and drive over to find a property they are interested in they wouldn't find it where the map says it is. Plus, not one of the 110 properties has its inventory record match the information on the spreadsheet as to what the system owned service line is made of. Every one of the properties says that the system owned service line is non-lead plastic on the inventory record. In contrast the spreadsheet says each one is non-lead other. I am not clear as to what array of materials non-lead other can cover but it is plainly a different classification than non-lead plastic. Thus, for all of the 110 properties the city's records failed to agree and are inaccurate in at least two respects.

Liz Rodriguez-Johnson, Member of the Public said analysis of the city's non-compliance of the Lead and Copper Rule related to disadvantaged properties continues. There is a mobile home community on West Hadley with 220 properties according to the inventory record, see Handout A. One hundred and seventy-six of the properties aren't listed on the spreadsheet. Like the properties on Spruce Avenue Lynn Moorer just talked about not a single one of the properties on West Hadley has its inventory record match the spreadsheet regarding the piping classification, plus Handout B shows 44 additional properties on the inventory map designated with the yellow triangle which don't appear on the spreadsheet. It also includes a sampling of the inventory records missing from the spreadsheet. Las Cruces Utilities submitted the spreadsheet for its inventory which is required to be accurate and include all properties within the city. Thus the spreadsheet submitted is inconsistent with what appears on the inventory record as well as being significantly incomplete. Handout C shows 21 properties on Silverado Loop whose customer owned service lines are all listed as installed in 1936 and classified on the spreadsheet as having system owned service lines that are non-lead other. By contrast all are classified in their inventory records as non-lead plastic, a clear difference. While these properties are designated as being in a disadvantaged neighborhood and the city says that all the customer owned service lines were installed in 1936, all 21 properties appear to be in a newer subdivision. In fact, a check of a few of the properties on realtor.com says they were built in 2022 or 23, see Handout D. Handout E shows the spreadsheet says that there is 11 properties designated disadvantaged on Blue Stem Street close to Silverado Loop. All the same facts apply. The customer owned service lines are said to be installed in 1936. The spreadsheet says the system owned service lines are non-lead other. The inventory record says non-lead plastic. They can't both be true. Realtor.com says all houses were built in 2023, properties on Blue Stem Street have an added inaccuracy. The inventory map doesn't correctly specify their address. Instead of Blue Stem Street the map shows the street as Night Fall Court. It is hard to believe properties on Silverado Loop or Blue Stem Street could reasonably be classified as disadvantaged. Nor can I believe that any service lines in this new subdivision were actually installed in 1936. It is a travesty that the Utilities Department is inspecting these newer properties before every property on Mesquite Street and the older parts of the city are inspected.

Fred Huff, Member of the Public said one week ago there were 11 illegal encampments in the Burn Lake City Park area. They have been multiplying like crazy over the last few weeks. With the cooler weather my wife and I are constantly smelling the smoke from their illegal campfires. One encampment did not last 24 hours before it completely burned. Another encampment that has been there since January 20, 2025, looked like it was a stolen bicycle receiving point. Every day there were three or four bicycles there, different bicycles. Last Monday morning something happened that gave me hope. Some LCPD officers and the new park rangers walked the area and talked to some of these trespassers on city property. When I talked to the officers told me that the trespassers had told them that the Community of Hope had been telling them that it was okay to set their encampments in the Burn Lake area. If this is true, I want to know who gave the Community of Hope the authority to tell these people to set their illegal encampments up over in the Burn Lake area? Over the next two days the LCPD, park rangers, and Mano y Mano got most of these illegal encampments removed. It went from 11 illegal encampments to just two. That gave Parks and Rec or Public Works, whoever is in charge of that area a chance to go into the area and remove the foliage and weeds that these people are hiding their tents under. Unfortunately, this area is treated as abandoned property by whoever is in charge and very little maintenance is done to keep the foliage and weeds under control so now the illegal encampments are once again blossoming. As of this morning there are four illegal encampments in the area. The big question is though where do they go? I believe it is very inhumane to keep pushing these unfortunate people from one spot to another. I also feel that it is very inhumane to keep giving these people handouts instead of giving them a hand up to work on improving their lives and be able to reintegrate back into society. We need some mechanism that has a designated spot where these people can stay and receive services to help them if they want. Hopefully this new city council will look at passing a public camping ordinance that gives the LCPD that tools to direct these people to a secure location so that they can start their journey back into society if they want. The city owns plenty of property where this location could be and no such an ordinance would not be to criminalize homelessness. It would be to help get these people off the streets and back into productive lives.

Juan Garcia, Member of the Public said we know there is a healthcare provider crisis in New Mexico. This issue has been widely reported and for many like myself experienced through a loss of individual providers. From KOB, “A survey of over 1,200 physicians who currently practice or have previously practiced in New Mexico show 65% of respondents considered leaving the state with all but one of the state’s 33 counties designated as having a shortage of healthcare providers. Over 80% of the physicians who plan to leave New Mexico say no cap on punitive damages is their main reason”. One lawmaker in the committee meeting Monday said, “The threat that they may use to get you to settle is punitive damage. They threaten those doctors with the fact that if you don’t settle, we will come after you punitive damage”. So why should an issue that affects everyone blue or red, man or women be so contentious? On the other side stands Safety Over Profit. A dark money group whose donors are funded by the trial lawyers who were sued by the State Ethics Commission for refusing to comply with the state law requiring them to disclose the sources of their funding. NMSOP is the public face of the opposition to Think New Mexico’s proposed reforms to the medical malpractice law during the last legislative session. Reforms that Think New Mexico has proposed like capping attorney’s fees in medical malpractice lawsuits would put more money in patients' pockets but would reduce the amount of money going to their attorneys. This is what needs to be done, and this is what is needed by citizens of New Mexico. Instead, the NMSOP Executive Director, one of our councilors is blaming "insurance and corporate CEOs as they sip bourbon from their yachts". It's a cute visual. Who pay lobbyist to silence your please and think tanks to sow this information to try and win at any cost. "That is why we will stand firmly against attempts to cap attorney fees or install caps for damages paid in malpractice cases". So, the question to the citizens is who do you think is getting rich? Suffering patients without providers? Or the lawyers and dark money group like Safety Over Profit? Think about it.

Derrick Pacheco, Member of the Public said I wanted to address what I am about to address to everyone here during the regularly scheduled open to the public Board of County Commission meeting this past Tuesday, however I was arrested right before I could say what I am about to say right now. Youth mentorship is extremely important to me, and I have a project that I have been developing on my own in support of youth mentorship that is much needed here in Las Cruces. I have been working with Lindsay Humphries of the Economic Development Department. She is in the Technology and Innovation Office. I have been speaking with Jayme Chester of the Food Hunger and Ag Program along with David White the Community Business and Rural Development Specialist. I have been developing what is in this binder, what I have been calling a Seed Bank. This is to teach youth and adults alike how to forage for seeds such as the ones that I was arrested with, like these tomato seeds. I have been beta testing this seed bank that I have come up with my own family. So, this is actually a project that works with four-year-olds and seven-year-olds alike. There is an AI component to this because there is a software companion to this hardware seedbank. Anyone can check it out. It is live right now, www.royalrootgarden.com. Root is actually a play on words, it was actually homage based on the Camino Real which is what this project is actually to on. It was initially located at 646 South Mesquite Street across the street from my grandma's home. Check it out and give me some feedback. I would love to officially present my project to the City of Las Cruces and thank everyone for their continued mentorship to the community and your continued service.

Lucy Silva, Member of the Public said I understand that on May 6, 2024, the council voted unanimously to contract with a company called Flock Safety for license plate readers. It was my understanding at the time that these readers were to collect information regarding speeders and red-light runners and now I see and hear that this is going much further beyond surveillance. Flock Safety according to ACLU website is passing this surveillance data onto ICE. They are selling their cameras to police departments and private customers across the nations and allowing the police to do nationwide searches. They have also according to the ACLU website revealed that a police officer in Texas used the systems to search nationwide for a woman who had an abortion illegal in their state. Flock is now expanding the power of the system itself. I urge the council to please delete this contract and remove the cameras from the Las Cruces community to keep our community safe.

Fred Miller, Member of the Public said I am also speaking about Flock cameras and I want the city to cancel the contract but beyond that I hope that Legal will look into actually getting rid of the cameras. Making sure that the Flock Safety company does not just move them from public property to private property. We need to limit their access even if they move them onto private property. Please look into that.

Donna Stryker, Member of the Public said I would like to thank the Chief of Police and the department for the town hall last Thursday here in chambers. The attitude of the police officers, deputy chiefs and our chief of police was excellent. The chambers were very full with citizens. I appreciated the handling of an extremely difficult subject that of public safety and the issue of juvenile crime in Las Cruces and the state. The statistics are always good to see in black and white. On Monday, January 12th Senator Crystal Brantly spoke to our group Businesses for a Safer Las Cruces on a legislative overview. Public safety and juvenile crime are on the radar for the legislative 30 day session and what was really encouraging to hear from the Senator was the reputation of our Chief of Police and the respect for him, his department, and his efforts to educate the legislators in Santa Fe and it was reassuring to hear that the Chief is respected and his department by both sides of the aisle and that when he comes before them they listen. We do have a long way to go, yes. We do need changes to the laws that applies to bonding, juvenile offenders and competency, yes but the Chief explained at the town hall it is going to take time, and the small wins are still wins. The efforts to show true transparency are appreciated and would like to see more transparency as it applies to the budget, the changes to the budget and the errors that are and were uncovered. I appreciate that this is a difficult job for you as councilors. I believe that you are literally thrown into this job after you win your election. There is basically on the job training and there is a lot of seat of the pants. No formal true councilor training is my understanding. I think it would be an area to spend a little more time and money in the future so that councilors are provided the best opportunity to do a great job for our city, our citizens and our community and what you do without all of that is pretty amazing still. Thank you, Chief Story and our Deputy Chiefs, and your many, many dedicated men and women on the force. You are all human and if anyone in this room has never made a mistake in judgement, in life, in relationships or in general then you are an amazing person with the exception to the fact that human’s error. In our city the LCPD are not perfect, neither one but neither are we and it is good to remember who we are from time to time and reflect on the difficulty of others jobs, their dedication and appreciate all the things that our LCPD does right and all the things that our city does right.

Tim Jenkins, Member of the Public said I would like to thank our Chief of Police as well for his participation at the town hall last week and for taking time out his schedule to serve the community once and again. I would also like to express my sincere gratitude to our entire Police Department for the work they do day and night to do their absolute best to keep our city safe. Public safety is something that many of us only think about when something goes wrong but for our Las Cruces Police Department it is their sole responsibility day in and day out during every single holiday, every day and every night, 24/7. It is all they eat, sleep, and breathe. Their work often happens quietly with little to no recognition but behind the scenes our officers do far more than just respond to calls. They build relationships, support local events, work with businesses and schools and the ones to step in during moments of crisis. Our officers’ service requires courage, patience, and professionalism. Policing today is anything but easy. Our officers face increased demands, complex situations and constant scrutiny all while being asked to make split second decisions that can affect many lives at a moment's notice. Despite these challenges our officers continue to serve with dedication and commitment to our community and let's not forget their families and husbands and wives and children that they leave behind day or night never knowing if they will return home. Today we as a community want to wish our entire Police Department a sincere and heartfelt thank you for what you do to keep our community safe from the pure evil that lurks in the dark. We have your back, we support you and you are in our prayers. God bless and protect you all.

Jim Hoerst, Member of the Public said I have many concerns today. First there is no protocol or procedure for groups to use City Hall facilities. Different groups have used them over time, but I can't figure out how to apply for the space. How to reserve it, what the requirements are, if any. As far as I can tell there are no applications, no forms, no records. That is a defect and I hope the city corrects it. Also, when you correct it, liability insurance for small groups for political or religious events those policies are simply not available for any price. If I had $1,000 to buy a certificate for $1 million worth of event insurance I could not get it. So, it is unreasonable to require it. I am deeply distressed by the activities of my President, the Commander and Chief of our military and the person who has the authority to hire agents to operate in America who conceal their identity and behave outrageously. I see how important Posse Comitatus is because local residents need to have control of everybody in their jurisdiction who has authority to arrest people and to shoot people and all that kind of stuff. Local authority over local law enforcement is essential. We need to know who they are and what they are doing and they need to answer to us. As it is we have a bunch of mad men running around governed by a mad man who is not only mad but malicious.

4. READ CLOSED MEETING STATEMENT

4.1 READ JANUARY 20, 2026 CLOSED MEETING STATEMENT INTO THE RECORD.

The Las Cruces City Council met in closed session and only discussed those limited items as stated in the posted notice:

1.To discuss the purchase, acquisition or disposal of real property by the public body, which is closed pursuant to NMSA, 1978, Section 10-15-1H(8).

2.To discuss pending litigation regarding Paris Pena-Lee v. City of Las Cruces, Civ. No. 22-cv-960 WJ/GBW, which is closed pursuant to NMSA 1978, Section 10-15-1H(7).

5. ACCEPTANCE OF AGENDA

City Councilor Becky Corran moved, seconded by City Councilor John Munoz, to accept the agenda as presented.

RESULT:	**Carried**
MOVER:	City Councilor Becky Corran
SECONDER:	City Councilor 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 City Councilor John Munoz

6. CITY COUNCIL MINUTES

6.1 REGULAR CITY COUNCIL MEETING OF DECEMBER 15, 2025.

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

7.1 RESOLUTION NO. 26-088: A RESOLUTION AUTHORIZING AN EXISTING CONTRACT PURCHASE AGREEMENT FOR AFTERMARKET VEHICLE PARTS AND SUPPLIES WITH A5 AUTO SUPPLY, INC. DBA NAPA OF SILVER CITY, NEW MEXICO, VIA SOURCEWELL CONTRACT NO. 100124 FOR A POSSIBLE TERM THROUGH JANUARY 10, 2032, IN AN AMOUNT NOT TO EXCEED $275,000 PLUS APPLICABLE TAXES ANNUALLY, SUBJECT TO ANNUAL RENEWALS AND APPROVED BUDGET APPROPRIATIONS (PROCUREMENT NO. 25-26-048).

7.2 RESOLUTION NO. 26-089: A RESOLUTION TO ENTER INTO AN EXISTING CONTRACT PURCHASE AGREEMENT FOR MEDICAL SUPPLIES FOR EMERGENCY MANAGEMENT SERVICES WITH BOUND TREE MEDICAL, LLC OF DUBLIN, OHIO IN AN ANNUAL NOT-TO-EXCEED TOTAL OF $300,000, SUBJECT TO APPROVED BUDGET APPROPRIATIONS (PROCUREMENT NO. 25-26-069).

7.3 RESOLUTION NO. 26-090: A RESOLUTION TO AWARD PROFESSIONAL SERVICE AGREEMENTS FOR ARCHITECTURAL & ENGINEERING SERVICES ON AN AS-NEEDED BASIS TO AKS ARCHITECTURE, P.C.; ARCHIPELI, PLLC; ARCHIS ARCHITECTS; ARIA STUDIO CONSULTANTS; ASA ARCHITECTS, P.C.; COUNTRYMAN & CO. ARCHITECTURE; DEKKER, LTD; DWL ARCHITECTS & PLANNERS, INC.; HARTMAN + MAJEWSKI DESIGN GROUP; HUITT-ZOLLARS, INC.; IN*SITU ARCHITECTURE; MODULUS ARCHITECTS & LAND USE PLANNING; MOLZEN-CORBIN & ASSOCIATES, PA; NINE DEGREES ARCHITECTURE + DESIGN, INC.; NV5 CONSULTANTS, INC.; PARKHILL, SMITH & COOPER, INC.; STANTEC ARCHITECTURE, INC.; STUBBS ENGINEERING, INC.; STUDIO SOUTHWEST ARCHITECTS; VIGIL & ASSOCIATES ARCHITECTURAL GROUP; AND WILSON & COMPANY, INC., ENGINEERS & ARCHITECTS, IN AN ANNUAL NOT-TO-EXCEED AMOUNT OF $999,999, PLUS APPLICABLE TAXES, PER VENDOR, FOR A PERIOD OF FIVE (5) YEARS, SUBJECT TO APPROVED BUDGET APPROPRIATIONS (PROCUREMENT NO. 25-26-004).

7.4 RESOLUTION NO. 26-091: A RESOLUTION TO ENTER INTO AN EXISTING CONTRACT PURCHASE AGREEMENT FOR CUSTODIAL AND JANITORIAL EQUIPMENT AND SUPPLIES WITH SPECTRUM PAPER CO., INC. OF EL PASO, TEXAS IN AN ANNUAL NOT-TO-EXCEED TOTAL OF $400,000, SUBJECT TO APPROVED BUDGET APPROPRIATIONS (PROCUREMENT NO. 25-26-068).

7.5 RESOLUTION NO. 26-092: A RESOLUTION AUTHORIZING AN ANNUAL

NOT-TO-EXCEED TOTAL OF $300,000 FOR PUBLIC SAFETY MEDICAL SUPPLIES, EQUIPMENT, AND MONITORS WITH LIFE-ASSIST, INC. OF RANCHO CORDOVA, CALIFORNIA, SUBJECT TO APPROVED BUDGET APPROPRIATIONS (PROCUREMENT NO. 25-26-070).

7.6 RESOLUTION NO. 26-093: A RESOLUTION AUTHORIZING AN AMENDMENT TO THE CONTRACT FOR PORTABLE TOILET RENTAL AND SERVICES WITH FUSIONSITE TEXAS, LLC D/B/A POTTY TIME 2 OF NASHVILLE, TENNESSEE, TO AN AMOUNT NOT TO EXCEED $165,000 PLUS APPLICABLE TAXES ANNUALLY, SUBJECT TO APPROVED BUDGET APPROPRIATIONS (PROCUREMENT NO. 23-24-096).

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

8.1 PUBLIC HEARING REQUIRED. RESOLUTION NO. 26-094: A RESOLUTION APPROVING THE REQUEST FOR A CRAFT DISTILLER THIRD LOCATION LIQUOR LICENSE, NO. BLA-0000013785, WITH ON PREMISES CONSUMPTION AND PACKAGE SALES TO ICEBOX BREWING, LC, D/B/A FARMESILLA LOCATED AT 1840 AVENIDA DE MESILLA, LAS CRUCES, NM. 88005.

Public hearing began at 2:04 p.m. There was no one for or against. Public hearing ended at 2:04 p.m.

Adam Ochoa, Senior Urban Planner gave the overhead presentation.

City Councilor Becky Corran moved, seconded by City Councilor John Munoz, to Approve Resolution No. 26-094.

RESULT:	**Carried**
MOVER:	City Councilor Becky Corran
SECONDER:	City Councilor 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 City Councilor John Munoz

8.2 RESOLUTION NO. 26-095: A RESOLUTION TO ACCEPT THE CITY OF LAS CRUCES ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2025.

Josie Trevino, Comptroller introduced the topic.

Jesse Oliver, Patillo, Brown & Hill gave the overhead presentation.

Councilor Harris asked this includes transfers out, can you explain a bit more of those transfers?

Jesse Oliver said our general fund is transferring. So, what it is we have expenditures throughout the year. Transfers are done from the general fund to other funds for specific items. Special revenue funds require certain things to cover matches and so that comes out of the general fund. That is why it is included as an expenditure.

Councilor Harris asked is here kind of the same deal since we are spending more than we are taking in on our enterprise funds?

Josie Trevino asked is this the slide? What was your question on it?

Councilor Harris asked the statement in the presentation was that expenditures are higher than our revenues because of transfers?

Josie Trevino said our expenditures are higher so our revenues but the more services we provide that ups our expenditure. Our revenues may also go up which means we need more individuals to capture those. He is just telling you that expenditures in here include both expenses and transfers.

Councilor Harris asked things that we wrote a check out of the general fund that is what a direct expenditure and then they transfer out of this fund to housing or something to cover match is also an expenditure?

Josie Trevino said you are correct. Anything that is a direct payment we paid for salaries, for example my salary, that is general fund. Say we get a grant, and they require a match for example for Transit what we do is transfer the funds from the general fund to the transit fund just because they have different accounting reporting requirements. So, the matches we do to Transit that is considered a transfer.

Councilor Harris said general fund and enterprise funds are specifically included here. Overall, my understanding is the budget is balanced?

Josie Trevino said the reason the general fund and the enterprise are shown here is because they are both major funds, so part of the requirement is the auditors have to show the major funds. The general fund is a major operating, and the enterprise is also a major fund. That is the reason those are being presented.

Lesley Doyle, Finance Director said I did want to add also the majority of the transfers that we are talking about here are related to debt service. The debt service funds what would happen is we transfer from general funds to a debt service fund and in that fund is where we pay from to actually pay off the debt. That is by and large what our transfers are. The majority of our transfers. We do have the other ones that Ms. Trevino spoke of. However, the majority of them are related to our debt service. Additionally, I wanted to add to your question if our budget is balanced? The answer is yes. We do have savings and fund balance that we can utilize. However, we as an organization are working to make sure that we do utilize less of that savings and that is the goal of both this year and next.

Councilor Munoz said in your findings you mentioned WEX Fuel Card anomaly. How much was that?

Josie Trevino said we do have the findings in here. Single audit and in there it will say what they tested, how many they tested. One out of four vehicles. So, the details are in here. In this particular instance it was some vehicles for the Police Department.

They used premium. Information we have on the process is that premium is only to be used for certain vehicles and some of the vehicles that were using premium were not included on that list. This one right here was a process and Ms. Mercedes has started working on the fleet of what they are going to be doing to make sure these are complying with everything that we have on there for gas and pretty much using the tax dollar payers where we need them and if premium is not needed then no premium should not be used.

Councilor Munoz asked as far as the amount, obviously if it is $4, $400 or $4,000 we all have to be good stewards of taxpayer money, but you are not anticipating that it was more than a few hundred dollars?

Josie Trevino said no it was a few transactions. So even one transaction would show up because if it says premium is only to be used for vehicle A and it was used on vehicle B then they would note it.

Councilor Munoz said that is good to hear and that we will tighten up on that. You have the amount?

Josie Trevino said yes, so on page 315. It says, "Our audit of the City of Las Cruces fuel card transactions for the fiscal year based on sample testing disclosed that 11 out of 25 transactions, Police Department vehicles totaling $494.83 were for premium grade gasoline". That doesn't mean the increase, that means the total that was used for premium was $494, had they used regular it could have been $300. So, the difference was less than the $494.83.

Councilor Munoz said in comparison to the overall amount that was used on fuel. I don't want to use the term drop in the bucket but in either case that is good news. I think we can tighten up on that and again good use of taxpayer money and it wasn't an incredible amount. The other piece too that I am sure we will work with City Manager and the rest of the team is the numbers are flat and consistent overall but I also want to keep in mind that we are growing as a city so in 2000 we were about 75,000 in population and now we are projected at around 117,000 or 118,000 for 2026. So, we will have to make those numbers match up as our population grows we will need to continue to provide services and provide service delivery at a high-quality level and so definitely something to be aware of for future forecasting.

Councilor Bencomo said I just wanted to bring up the Director of the South Central Solid Waste Authority who is here perhaps to speak on the corrective actions taken at the authority. I know that the Inspector General has spoken publicly here about the issues, but I thought it was a good opportunity for the authority to speak on the changes that have been made since October.

Josie Trevino said I just wanted to note that the South Central Solid Waste finding was a self-report so South Central did contact me and I contacted the state auditor and we let our external auditors know and so when they came, they already had the case so this was something that we reported.

Jose Gallegos, Executive Director South Central Solid Waste Authority said I just wanted to take the moment to assure you that our staff has taken great measures in implementing internal controls of any voided transactions, which was a case about a year ago. Ms. Rosa Montoya and Rene Ruiz, these two individuals in late 2024 were two key individuals that discovered the transactions that were occurring. Over several weeks they developed and implemented internal controls. The total amount of voided transactions that were occurring were under $100,000. Our revenues to put that into perspective were $12 million a year more or less from a certain from our tipping fees. So, it was a drop in the bucket so to speak, however, with their quick action they were able to identify the issues and implement internal controls. Now at the time it was discovered here were several dozen transactions that were being voided at one of our of transfer stations. With internal controls that have now been implemented it is less than 10 per month and they are of a different nature. They are basically transactions now that have to be replaced with a corrective transaction rather than totally being voided. So great job to them and our staff that have implemented those internal controls. So again, we believe we have the process better controlled now and we are looking at other opportunities to we make sure that we catch anything that as soon as it is discovered.

Mayor Enriquez said thank you to Lesley and the accounting team, everyone that was a part of this audit. I would like to recognize you all so go ahead please stand up, those of you from the accounting team. Let’s give them a hand. Thank you for all your work. I know it is a time when it becomes anxious time whenever you have the auditor show up but we appreciate it. We look forward to it because we always want to build on it and improve and get better at what we do.

City Councilor Becky Corran moved, seconded by City Councilor John Munoz, to Approve Resolution No. 26-095.

RESULT:	**Carried**
MOVER:	City Councilor Becky Corran
SECONDER:	City Councilor 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 City Councilor John Munoz

8.3 RESOLUTION NO. 26-096: A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES (CITY) TO ACCEPT BUDGET ADJUSTMENTS FOR VARIOUS CITY DEPARTMENTS THROUGH AN AMENDMENT TO THE CITY’S ADOPTED FISCAL YEAR (FY) 2025-26 BUDGET.

Vanessa Perez, Budget Analyst gave the overhead presentation.

City Councilor Becky Corran moved, seconded by City Councilor John Munoz, to Approve Resolution No. 26-096.

RESULT:	**Carried**
MOVER:	City Councilor Becky Corran
SECONDER:	City Councilor 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 City Councilor John Munoz

8.4 RESOLUTION NO. 26-097: A RESOLUTION AMENDING THE FY2026 - 2031 CAPITAL IMPROVEMENTS PROGRAM.

Cynthia Alamillo, CIP Manager gave the overhead presentation.

Dominic Soucy, Division Chief Las Cruces Fire Department continued the overhead presentation.

Mayor Enriquez asked what kind of warranties do we get on the re-roofs?

DC Dominic Soucy said I believe those are twenty-year warranties on those roofs.

Cynthia Alamillo continued the overhead presentation.

Natalie Green, Housing and Neighborhood Revitalization Administrator continued the presentation.

Cynthia Alamillo continued the overhead presentation.

DC Dominic Soucy continued the overhead presentation.

City Councilor Becky Corran moved, seconded by City Councilor John Munoz, to Approve Resolution No. 26-097.

RESULT:	**Carried**
MOVER:	City Councilor Becky Corran
SECONDER:	City Councilor 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 City Councilor John Munoz

8.5 RESOLUTION NO. 26-098: A RESOLUTION APPROVING A PRECOMMITMENT OF CITY FUNDING FOR A FEDERAL LOW-INCOME HOUSING TAX CREDIT MULTI-FAMILY DEVELOPMENT SUBJECT TO AWARD TO SAID TAX CREDITS BY HOUSING NM.

Natalie Green, Housing and Neighborhood Revitalization Administrator gave the overhead presentation.

Councilor Corran said I am excited as always to have affordable housing on the possible agenda in our sphere. I always like when you give a little breakdown of 9% very competitive. You alluded to this, the City of Las Cruces is one of the most successful municipalities I think in the state, knock on wood, submitting today. It is very competitive and takes a very sophisticated operation to do this as well as a very strong private partner. So, I just wanted to ask you to talk a little bit about 9% and also just say that the developers have been extremely communicative. I have already chatted with them about some of the design elements and what this will be like for folks in the community in District 5, so I just also wanted to say I am really happy that they are willing to consider investing here in Las Cruces and partnering with us in this way.

Natalie Green said this is our chart showing the difference between a 9% and 4% tax credit. So, the 9% is highly competitive because it creates almost 70% equity within the development so the tax credit and the investors and the developer only need to take a small amount of debt service which allows them to reduce rents or cap the rents based on HUDs LIHTC chart. A 4% surprisingly is actually starting to become very competitive. It typically wasn't 4%, it allows larger projects so we could 100, 144 unit complexes. You have less equity in the deal, but it was subject to the State's volume cap, our bounding volume cap. That cap is actually at its limit so we are going to start to see 4% get a lot more competitive, which will in turn make the 9% even more competitive. So not only are we seeing developers compete here in Las Cruces, Las Cruces is also very competitive at the state level so thank you for the compliment.

Councilor Harris said those renderings look pretty cool. This looks like an exciting project, and I am excited to see the investment into Las Cruces. The precommitment of these funds, do we do that for other projects that we are looking to get funding sources for, is that a way that we can make projects we want our city to do more competitive in other areas?

Natalie Green said the loan income housing tax credit competition is conducted annually. So, staff puts out a call for projects in October, and we have what is called a qualifying grantee and I apologize, it is a lot of verbiage. So, projects actually have to come to us and to get prequalified, they have to be eligible under the New Mexico Affordable Housing Act and then Housing New Mexico has to confirm our assessment of those qualifying grantees and then that will make them eligible for any precommitments under our programming. Sometimes those are loans, other times for example the Housing Authority project we got capital outlay so that will likely be some sort of loan, grant combination. I have not read the documents myself. Staff has been working on those. But generally under the Affordable Housing Act it calls for staff to do primarily loans because we want that return on investment so any precommitments that we have made that have been awarded tax credits have either come from special revenue bonds or we have tapped into the Telshor Fund but it has been a loan that will be repaid back. Again, it is specific to affordable housing projects. Typically, multi-family rental and then for 9% tax credits the sweet spot is anywhere from 60 to 80 and then just as a note to the projects in order to be competitive they have to stay affordable, typically 35 to 40 years so there is an expectation of whatever is being built be sustainable for that lifetime.

Councilor Harris asked so this kind of pledging of funding for these kinds of projects is specific to these kinds of projects just because of the grants they are going out to get awarded, right?

Natalie Green said correct. It is a program that is authorized under the IRS so it is actually a tax incentive that was created by Ronald Reagan and so it is the longest running affordable housing program and our consultant presented to council a couple of months ago. It is the only federal housing program that received bipartisan increases during the current administration.

City Councilor Johana Bencomo moved, seconded by City Councilor Becky Corran, to Approve Resolution No. 26-098.

RESULT:	**Carried**

MOVER:	City Councilor Johana Bencomo
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 City Councilor John Munoz

9. BOARD APPOINTMENTS

9.1 COUNCILOR CORRAN APPOINTS NANCY CLAYPOOL TO THE LIBRARY BOARD.

9.2 MAYOR ENRIQUEZ WILL BE APPOINTED TO THE COMMUNITY SCHOOLS BOARD.

9.3 COUNCILOR HARRIS WILL BE APPOINTED TO THE TRANSIT BOARD.

10. 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).

10.1 <u>COUNCIL BILL NO. 26-014; ORDINANCE NO. 3106</u>: AN ORDINANCE AMENDING CHAPTER 23, SECTION 23-36. POLICE SERVICE AIDES OF THE LAS CRUCES MUNICIPAL CODE.

Council agreed to bring it forward.

10.2 <u>COUNCIL BILL NO. 26-015; ORDINANCE NO. 3107</u>: AN ORDINANCE TERMINATING THE PROJECT PARTICIPATION AGREEMENT (PPA) WITH 828 PRODUCTIONS, LLC, RELIEVING THE CITY OF AN OBLIGATION IN THE AMOUNT OF APPROXIMATELY $1,858,015.22, CONDITIONALLY AUTHORIZING THE FULL TERMINATION OF THE PPA AND ORDINANCES 3028, 3054, AND 3067, AUTHORIZING CLAWBACKS OF FUNDING EXPENDED UNDER THE PPA, AND AUTHORIZING REPAYMENT TO THE NEW MEXICO ECONOMIC DEVELOPMENT DEPARTMENT.

Council agreed to bring it forward.

11. CITY COUNCIL MEMBER BOARD REPORTS AND COMMENT

11.1 COUNCILOR MCCLURE

I have two things specifically, the first one is that I also share a concern about Flock but I think that we are not thinking wider even than that. I went to MVEDA's AI conference and I thought about cyber security in different ways that are going to impact us just dynamically for whatever we do. I was a youngen in 2001, but right around then we started talking a lot about protecting our critical infrastructure. A lot of the time that meant water and gas from things that we could be threatened against and right now we have to be concerned about where our data goes and I think that is a crucial thing that we need to talk about. One of the pertinent things and this was an 8 a.m. presentation. There was a lot for 8 a.m. and they had that cyber security professional who was talking about five years ago the ability to stop a virus was about a month. Now it is 48 hours. This is not outside the normal for Las Cruces either. Look at the ransomware attack for Las Cruces Public Schools was in 2019. We don't want to have things like that happen to us too. I spoke a little bit with Economic

Development and thinking about that for that. Can we guarantee data security for working with some of the companies that want to come in? I don't know so this is a conversation you need to have here at this city level.

The other thing I want to talk about is that I was encouraged to hear about a project called Art Space which is different housing opportunities for Las Cruces. Years ago they had come into El Paso, and it was like a catalyst project for downtown El Paso to be basically bring artists in and give them a different way of living. So, when we talk about different opportunities for housing, things like that make me really excited so I am glad those conversations are happening, they are coming at the end of February to kind of scout locations if you are interested. Reach out in conversation with them. I am always going to argue for downtown but there is flexibility. So those are the things that I am excited about, and I do think that we ought to have some larger conversations.

11.2 COUNCILOR MATTIACE

None.

11.3 COUNCILOR HARRIS

I will also welcome further conversation on cyber security and data privacy practices and the implications of programs that we are doing in the city, Flock, potentially other things. As anyone who has been paying attention to what I say, you probably know that is a big thing for me. Cyber is my passion and my industry so I would welcome these conversations, and I think they are very important.

I attended the Art Board meeting the other week and I just wanted to point out that they are accepting chalk artists for their annual Chalk Walk event. The application deadline is the 21st. There is a premeeting on the 6th and the event itself is March 14th in the Museum courtyard. Also, this Thursday we are dedicating a new art piece at Fire Station 6 at 1:30 p.m.

11.4 COUNCILOR BENCOMO

I wanted to note that this week on Wednesday, which is tomorrow just in case anybody forgot. We are celebrating all of our Utilities employees at the Utilities Banquet. We do get to thank you Utilities' employees who I feel like have a very thankless job often and after seeing what happened in El Paso in the last couple of weeks with their huge utility emergency they had it puts even more into perspective how important our Utilities employees are so if you see folks around town make sure to give them a huge thank you.

I also had the pleasure of attending NAACP Dr. King luncheon yesterday. I am really grateful for their continued work in Dona Ana County and for inviting us to be there. And it was great to have, they had as keynote speaker Leon Howard who is the Executive Director of the ACLU of New Mexico there and it was great to have him shoutout Las Cruces and the ways that we are standing up for our immigrant communities and shoutout our welcoming city resolution. I certainly hope that the majority of this council continues to protect that. Especially because it does include some data privacy provisions in there that obviously we have to continue having those conversations. So, I am also very up for what that conversation can look like in our community since multiple members of our community have raised it.

In the last couple of weeks the American Planning Association also had a report that came out on zoning practices and specifically shouted out Las Cruces and some of the things that we are doing in Las Cruces through housing, through zoning to improve housing opportunity for folks and this magazine, American Planning Association, nonpartisan, nonprofit also talked about the cost of criminalization and I know that we live in a time where research and evidence and data aren't necessarily used primarily to plan policy. I certainly hope that here in Las Cruces we can highlight that and this particular magazine did talk about the cost of criminalizing homelessness through things like camping bans and I think it is important for folks to understand that encampment sweeps how that impacts taxpayer dollars. One study in the magazine it says, "One study estimated that after receiving a move along order 91% of unsheltered people remain outdoors, moving only two or three blocks away. Even if temporarily incarcerated, individuals often return to the same neighborhoods and parks by simply creating a costly revolving door that circulates individuals experiencing homelessness from the street to criminal justice system and back or from neighborhood to neighborhood or block to block enforcement expenditures are often counterproductive and wasteful". So, if perhaps the real humanitarian narrative doesn't land on folks perhaps the cost effectiveness of a cruel policy like this can go a lot further. It was great to have Las Cruces on here and recognized. I also saw that there are some state legislators who are uplifting some zoning policies and I was reading this list and I was like we already did that. So, it has been really incredible to see that the City of Las Cruces is very much leading the way in New Mexico and so just a huge shout out to our staff who has led and a lot of those efforts.

11.5 COUNCILOR CORRAN

I also agree that I would love for us to have a conversation about Flock/ I think Flock gets the publicity but I think that the surveillance data is not as secure as we would hope for our data to be in any situation so I support my colleagues that mentioned that as a priority to continue to follow up on. I do want to just mention in this discussion of the bigger picture I am really grateful for our opportunity next week, next Wednesday is our Budget Retreat and I talked to someone this weekend and had thought oh it had already happened. I think everyone is reading things from 2025 and forgetting that it is 2026. So just as a note our Budget Retreat comes up next Wednesday and I am sure there will be information publicly available, but the public is invited and the media is invited and I hope that folks will consider joining us in that conversation as we think about the budget moving forward.

11.6 COUNCILOR MUNOZ

I know that currently right now with the legislature in session we are looking at capital outlay. I have heard like many of my colleagues that there were some delays in projects statewide not here in Las Cruces but statewide. There is about $7 billion that has not been spent and that would be a great problem to have here in Las Cruces but statewide. So, I asked City Manager and his staff to provide a report, and I am happy to say with the progress that has been made we are on track or have completed some of the projects. There are just a few projects that we are behind for good reasons, and

I think we will be able to catch up. So that is a really good message to share with the legislature and compliments to the City Manager and the Assistant City Managers, leadership and the staff for keeping those projects on track. Looking forward to finishing off the projects and then getting some new monies from the state.

The other piece I would like to look at is if my colleagues would like maybe a Work Session, I know we talked about electrification of fleet. We are about 6% so if you have that plan out there. I would like to take a look at it to see how we can reasonably grow that or get to our budget. With that we probably wouldn't have to worry about premium or regular gas. Actually that also brings me to the point, thank you to the staff and thank you to the audit team that out of really just millions and millions of dollar and a lot of dollars that we spend on fuel that they were able to catch that very, very tiny anomaly and we will be able to hone in on that and we will actually be able to improve on those processes so that is pretty good but again I just want to look at electrification and I want to be reasonable. I know that there are reasons why we might be a little bit slow on that and I know there was a slow down in the manufacturing of EV vehicles so I get that piece, but I just want to be aware of that.

I want to thank Executive Director Rochelle Miller-Hernandez and her team and everyone from Las Cruces City team who participated in the balloon rally. I felt it was very positive, community came together and not just Las Cruces community but surrounding communities. I saw some folks from or met some folks from various parts of this region and also someone who really stuck out who was wearing shorts and short sleeves at 5:30 in the morning when it was about 20 or 30 degrees. He was from Canada I believe. So great job to the team and a very good sense of community and I hope that we continue to have more programs like this for our community,

11.7 MAYOR ENRIQUEZ

I also want to say a shout out to Rochelle and Visit Las Cruces and the Mesilla Valley Balloon Rally. It was a great event Saturday morning. There was probably a couple of thousand people there and again to Councilor McClure and Mayor Pro Tem Munoz who got on the Visit Las Cruces balloon. Also, our Assistant City Managers. That balloon was beautiful and to see Visit Las Cruces and to see Las Cruces up there in the sky was something to see so again thank you Visit Las Cruces for putting that together.

As we started out today we had the presentation by Sister Cities and I always say that is a great way to learn not only here locally or in the country but throughout the world and I mention that because we talk about Flock, we talk about technology, we talk about AI and not too far from us we have one of the state of the art facilities being built and that is in Juarez, Mexico for the Real Time Crime Center and it is a multi-story building and I know police has already been invited to tour and see how it works. GIS has been invited. I have been invited. So, I will extend that invitation so that we can learn and see what are the problems, what are the issues and this came from Mexico City. The President and Governor of Chihuahua decided that they wanted it down south, so they put it in Juarez. So, it is something that we can learn from and grow from as well.

12. CITY MANAGER REPORT

12.1 IKANI TAUMOEPEAU

Economic Development, Film Las Cruces announced that the city of Las Cruces has been named one of the best places to live and work as a movie maker in 2026. This marks the fourth year in a row that the city has been listed in the top ten film towns in America. Great job to our film makers and Economic Development for assisting with that.

Parks and Recreation on January 17, which passed co-hosted a meet featuring athletes from our four local high schools. Looking ahead we invite the community to join us on January 31st for the dual meet between New Mexico State University and the University of New Mexico. This event runs from 8 a.m. till 2 p.m. This event is free and open to the public and we encourage everyone to come out and cheer on our hometown Aggies.

Last, I just want to give an update that Las Cruces PD and Mesilla Valley Community of Hope are working closely together. Community of Hope Outreach and Mano y Mano continues to meet with unhoused neighbors at Burn Lake and transition them into Camp Hope, mitigate neighborhood impacts and so on and so forth. So, I just wanted to give everyone an update on that.

13. ADJOURNMENT

13.1

City Councilor John Munoz moved, seconded by City Councilor Michael Harris, to adjourn at 3:21 p.m.

RESULT:	**Carried**
MOVER:	City Councilor John Munoz
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 City Councilor John Munoz

Mayor

City Clerk

26-102

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:**	February 17, 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 Summaries 02-17-26
Attachment "A" - PD - FY26 Law Enforcement Retention Fund (LERF) Fully Executed Agreement
Attachment "B" - LCU - WPF-6289 Grant-Loan Agreement fully exec
Attachment "C" - LCU - DWL-6674 Grant-Loan Agreement fully executed
Attachment "D" - FD - FY26 NMDHSEM Fire Protection Grant Award Letter
Attachment "E" - FD - FFY24 FEMA Assistance to FF Grant EMW-2024-FG-05291 Award Package

PLAN(S):
Elevate Las Cruces

COMMITTEE/BOARD REVIEW:
None

DOES THIS AMEND THE BUDGET?:

☒ Yes
☐ No

BUDGET / FISCAL IMPACT:

BUDGETED AMOUNT: Various **AVAILABLE AMOUNT:** Various **EXPENDITURE AMOUNT:** Various

Funding Source(s):
Various

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

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 26-102

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

	1000 GEN FUND 2025-26			
	Original Budget	**Amended Budget**	**Req. Adjustment**	**Adjusted Budget**
RESOURCES				
Beginning Balance	$ 76,170,624	65,192,664	0	65,192,664
Revenues				
Municipal Gross Receipts Tax	55,085,239	63,618,909	0	63,618,909
Public Safety Gross Receipts Tax	4,880,700	5,596,283	0	5,596,283
Hold Harmless Replacement GRT	17,000,000	16,008,310	0	16,008,310
State-Shared Gross Receipts Tax	50,825,436	54,862,747	0	54,862,747
Environmental Gross Receipts Tax	2,259,525	0	0	0
County Environmental Gross Receipts Tax	0	0	0	0
Internet Sales Gross Receipts Tax	21,000	28,228	0	28,228
Gasoline Tax	0	0	0	0
Cannabis Excise Tax	750,000	592,149	0	592,149
Lodgers Tax	0	0	0	0
Property Taxes	14,957,286	14,957,286	0	14,957,286
Payment In Lieu of Property Tax	817,771	817,771	0	817,771
Franchise Fees	2,595,000	2,595,000	0	2,595,000
Payment In Lieu of Franchise Fees	1,446,584	1,446,584	0	1,446,584
Licenses, Fees & Permits	3,250,210	3,365,485	0	3,365,485
Convention Center Fee	0	0	0	0
Auto License - State Shared	0	0	0	0
Fines & Forfeitures	120,750	120,750	0	120,750
Charges For Services	7,186,977	7,873,532	0	7,873,532
Natural Gas Sales - Commodity	0	0	0	0
Motor Pool Maintenances Charges	0	0	0	0
Fuel Charges	0	0	0	0
Intergovernmental	5,133,474	4,904,260	0	4,904,260
Investment Income	0	0	0	0
Miscellaneous Revenues	190,745	190,746	0	190,746
Federal Grants	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	0	0
Total Revenues	**166,520,697**	**176,978,040**	**0**	**176,978,040**
TOTAL RESOURCES	**$ 242,691,321**	**242,170,704**	**0**	**242,170,706**
Expenditures				
General Government	5,691,810	5,691,810	0	5,691,810
Legislative	625,652	625,652	0	625,652
Municipal Court	2,078,721	2,078,721	0	2,078,721
City Manager-300	9,449,936	9,654,420	0	9,654,420
Legal	2,695,452	2,695,452	0	2,695,452
Las Cruces Police Department	41,095,936	41,069,046	0	41,069,046
Las Cruces Fire Department	31,139,578	32,538,424	45,618	32,584,042
Utilities	0	0	0	0
Economic Development	5,778,336	5,943,697	0	5,943,697
Assistant City Manager-400	0	0	0	0
Human Resources	3,333,275	3,333,275	0	3,333,275
Financial Services	7,963,871	7,963,871	0	7,963,871
Information Technology	7,541,061	8,584,506	0	8,584,506
Assistant City Manager-500	1,198,769	1,198,769	0	1,198,769
Parks & Recreation	20,374,203	20,754,100	0	20,754,100
Community Development	6,713,019	5,920,316	0	5,920,316
Quality of Life	11,320,216	10,753,576	0	10,753,576
Public Works	18,314,952	18,375,289	0	18,375,289
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 175,314,787**	**177,180,924**	**45,618**	**177,226,542**
Other Resources				
Operating Transfers In	0	1,519,754	0	1,519,754
Operating Transfers Out	(34,631,452)	(31,936,934)	0	(31,936,934)
Total Other Resources	**$ (34,631,452)**	**(30,417,180)**	**0**	**(30,417,180)**
Accrual Adjustments	0	0	0	0
ENDING BALANCE	**$ 32,745,082**	**34,572,600**	**(45,618)**	**34,526,984**
Required Reserve:				
State Required 1/12th	14,609,566	14,765,077	3,802	14,768,879
Local CLC 1/12th	14,609,566	14,765,077	3,802	14,768,879
AVAILABLE BALANCE	**$ 3,525,950**	**5,042,446**	**(53,222)**	**4,989,226**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	2100 SPL REV GT 2025-26			
	Original Budget	Amended Budget	Req. Adjustment	Adjusted Budget
RESOURCES				
Beginning Balance	$ 249,231	277,288	0	277,288
Revenues				
Municipal Gross Receipts Tax	0	2	0	2
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	182,000	207,500	0	207,500
Federal Grants	9,229,522	5,220,164	456,182	5,676,346
State Grants	4,573,536	18,207,010	124,571	18,331,581
Local Grants	0	805,000	0	805,000
Debt Service	0	0	0	0
Total Revenues	**13,985,058**	**24,439,676**	**580,753**	**25,020,429**
TOTAL RESOURCES	**$ 14,234,289**	**24,716,964**	**580,753**	**25,297,717**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	5,768,725	13,261,056	0	13,261,056
Legal	0	0	0	0
Las Cruces Police Department	1,581,852	1,332,003	124,571	1,456,574
Las Cruces Fire Department	568,629	1,313,759	456,182	1,769,941
Utilities	194,431	0	0	0
Economic Development	2,869,028	2,969,028	0	2,969,028
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	144,822	1,157,615	0	1,157,615
Information Technology	0	0	0	0
Assistant City Manager-500	512,696	1,148,866	0	1,148,866
Parks & Recreation	446,219	929,063	0	929,063
Community Development	400,000	400,000	0	400,000
Quality of Life	1,447,022	1,949,644	0	1,949,644
Public Works	51,638	51,638	0	51,638
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 13,985,062**	**24,512,672**	**580,753**	**25,093,425**
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	**$ 249,227**	**204,291**	**0**	**204,291**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	4100 CAP PRJ GT 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	21,868,274	36,520,560	400,000	36,920,560
Local Grants	0	107,777	0	107,777
Debt Service	0	0	0	0
Total Revenues	**25,601,565**	**48,251,085**	**400,000**	**48,651,085**
TOTAL RESOURCES	**$ 25,601,565**	**48,251,085**	**400,000**	**48,651,085**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	6,212,832	9,801,607	0	9,801,607
Legal	0	0	0	0
Las Cruces Police Department	154,751	2,702,182	0	2,702,182
Las Cruces Fire Department	159,338	3,085,444	0	3,085,444
Utilities	0	0	0	0
Economic Development	1,710,644	2,412,365	0	2,412,365
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
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	23,336,440	400,000	23,736,440
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 25,601,565**	**48,251,085**	**400,000**	**48,651,085**
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)**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	5365 FY25 DSWRF 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	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	15,000,000	15,000,000
Total Revenues	**0**	**0**	**15,000,000**	**15,000,000**
TOTAL RESOURCES	**$ 0**	**0**	**15,000,000**	**15,000,000**
Expenditures				
General Government	0	0	44,698	44,698
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	0	0	14,955,302	14,955,302
Economic Development	0	0	0	0
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	0	0	0	0
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	0	0	0	0
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 0**	**0**	**15,000,000**	**15,000,000**
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**

CITY OF LAS CRUCES
BUDGET ADJUSTMENT REQUEST
BUDGET FISCAL YEAR 2025-26

Exhibit "A"

	5366 2025 WTB 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	0	0	0	0
State Grants	0	0	2,700,000	2,700,000
Local Grants	0	0	0	0
Debt Service	0	0	300,000	300,000
Total Revenues	**0**	**0**	**3,000,000**	**3,000,000**
TOTAL RESOURCES	**$ 0**	**0**	**3,000,000**	**3,000,000**
Expenditures				
General Government	0	0	27,074	27,074
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	0	0	2,972,926	2,972,926
Economic Development	0	0	0	0
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	0	0	0	0
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	0	0	0	0
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 0**	**0**	**3,000,000**	**3,000,000**
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
Department of Public Safety

MICHELLE LUJAN GRISHAM
GOVERNOR

JASON R. BOWIE
CABINET SECRETARY

W. TROY WEISLER
CHIEF / DEPUTY SECRETARY

SYLVIA M. SERNA
DEPUTY SECRETARY

January 12, 2026

City of Las Cruces
P.O. Box 20000
Las Cruces, NM 88004

Attn: Eric Enriquez, Mayor and Jeremy Story, Chief

Re: Law Enforcement Retention Fund – Year 4 Notice of Intent to Disburse

Dear New Mexico Law Enforcement Partner:

The Department of Public Safety (DPS) is in receipt of City of Las Cruces request for a Year 4 disbursement of funds from the Law Enforcement Retention Fund (LERF). These funds are intended for providing law enforcement retention differential disbursements to the Las Cruces Police Department officers listed in **Exhibit A**, as well as covering the employer tax liability (payroll taxes outlined in the Federal Insurance Contribution Act for Social Security and Medicare, but not employer contributions for retirement or other benefit plans).

DPS has reviewed the information submitted by Las Cruces Police Department pursuant to NMSA 1978, Section 9-19-14, and the permanent rule NMAC 10.2.4.9, to determine eligibility for Year 4 LERF monies. The submission substantially complies with the statutory and rule-based requirements.

Accordingly, DPS has requested that the Secretary of the Department of Finance and Administration (DFA) issue an ACH advice to City of Las Cruces in the amount of **$124,571.08**. Of this amount:

- **$122,790.64** is attributable to the projected retention differential disbursement (PRDD), and
- **$1,780.44** is attributable to employer tax liability for FICA and/or Medicare.

Because the LERF balance is sufficient to pay Year 4 PRDDs and related employer tax liabilities requested by all eligible agencies, no pro rata reduction has been applied.

1. **Acknowledgement:** If you agree with the calculated amount:
    a. Sign the attached Year 4 Acknowledgement Form
    b. Return it to **DPS.LERF@dps.nm.gov** within **15 calendar days** of the date of this notice.

2. **Objections:** If you believe the disbursement amount is incorrect, you may submit written objections to **DPS.LERF@dps.nm.gov** within **30 days** of receipt of this notice. DPS will review and respond accordingly.

Obligations of City of Las Cruces – Year 4

By accepting Year 4 LERF funds, City of Las Cruces agrees:

1. Monies disbursed for PRDDs and related tax liability may not be paid until the officer attains eligibility.
2. Once an officer attains eligibility, the PRDD must be paid within 30 days. If an officer becomes eligible but departs before disbursement, that officer remains entitled to payment.
3. Tax liabilities for FICA and Medicare must be remitted in accordance with applicable law.
4. Funds for officers not yet eligible must be held in an interest-bearing account; interest must be reported and returned to DPS
5. Pursuant to NMAC 10.2.4.9(C)(3), monthly reporting to DPS is required by the 10th day of each month, providing details of payments made or reasons for non-payment, along with proof of payment.
6. Unused funds must be reported to DPS no later than July 21, 2026, and returned for redeposit into the LERF by August 21, 2026. DPS will provide a reporting template.

Agency understands and agrees:

- LERF disbursements for employer tax liabilities (FICA/Medicare) are solely for the agency's legal obligations and may not be paid to officers.
- If any portion of these tax funds are disbursed to an officer, the agency remains liable.
- PRDD amounts paid to officers remain subject to withholding and tax reporting as required by law.

State Agencies: Disbursement via operating transfer requires SHARE accounting information. Please contact Christina Tyson, State Projects Staff Manager (dps.lerf@dps.nm.gov , 505-629-8865) if this information has not already been provided.

Non-State Agencies: An ACH Advice will be issued to the recipient agency's fiscal agent. If the agency is not set up to receive ACH, a manual warrant will be issued.

Should you have questions regarding this Year 4 Notice of Intent to Disburse, please contact Christina Tyson, State Projects Staff Manager, at DPS.LERF@dps.nm.gov or 505-629-8865.

Very truly yours,

Jason R. Bowie
Cabinet Secretary

cc: Sean Mullen
Lesley Doyle
Ikani Taumoepeau

ACKNOWLEDGEMENT

Under oath or affirmation, I, Ikani Taumoepeau, on behalf of City of Las Cruces, hereby acknowledge receipt of the Year 4 Notice of Intent to Disburse from the LERF in the amount of **$124,571.08**. Of this total, **$122,790.64** is attributable to PRDDs and **$1,780.44** is attributable to employer tax liability for FICA/Medicare.

I further acknowledge and agree to the obligations outlined in the Year 4 Notice regarding the receipt, handling, disbursement, reporting, and potential return of LERF funds.

Ikani Taumoepeau, City Manager

Printed name & job title of individually legally authorized to bind the agency

1/22/2026

Date

Signature of individual legally authorized to bind the agency

Exhibit A - LERF Year 4 Compliant Agencies Eligible Officers Roster
Las Cruces Police Department

Agency	Officer ID	Name	Year	Compensation	5% PRDD (Paid to Officer)	Social Sec (Retained by Agency)	Medicare (Retained by Agency)	Total Amount Disbursed	Agency Hire Date	LERF Payout Date	Note
Las Cruces Police Department	2383	ADRIAN DE LA GARZA	20.88	$ 84,601.92	$ 4,230.10	$ -	$ 61.34	$ 4,291.44	2/17/2004	2/18/2026	
Las Cruces Police Department	2416	ALEXIS GOMEZ	4.02	$ 62,764.26	$ 3,138.21	$ -	$ 45.50	$ 3,183.71	6/20/2021	6/21/2026	
Las Cruces Police Department	2530	CHRISTIAN VITALE	4.69	$ 70,695.56	$ 3,534.78	$ -	$ 51.25	$ 3,586.03	10/11/2020	10/12/2025	
Las Cruces Police Department	2368	CHRISTOPHER CARRILLO	20.88	$ 84,601.92	$ 4,230.10	$ -	$ 61.34	$ 4,291.44	2/17/2004	2/18/2026	
Las Cruces Police Department	2394	CHRISTOPHER GAMEZ	9.28	$ 94,307.72	$ 4,715.39	$ -	$ 68.37	$ 4,783.76	3/20/2016	3/21/2026	
Las Cruces Police Department	2430	DALTON KINNEY	4.69	$ 65,686.92	$ 3,284.35	$ -	$ 47.62	$ 3,331.97	10/11/2020	10/12/2025	
Las Cruces Police Department	2345	DANIEL BENOIT	14.32	$ 78,913.64	$ 3,945.68	$ -	$ 57.21	$ 4,002.89	3/6/2017	3/7/2026	
Las Cruces Police Department	2404	DAVID GONZALEZ	19.75	$ 99,023.08	$ 4,951.15	$ -	$ 71.79	$ 5,022.94	10/2/2005	10/3/2025	
Las Cruces Police Department	2525	DAVID UDERO	4.69	$ 65,686.92	$ 3,284.35	$ -	$ 47.62	$ 3,331.97	10/11/2020	10/12/2025	
Las Cruces Police Department	2531	EDWARD VILLARREAL	23.41	$ 99,023.08	$ 4,951.15	$ -	$ 71.79	$ 5,022.94	2/1/2002	2/2/2026	
Las Cruces Police Department	2396	FELICIANO GARCIA	19.75	$ 99,023.08	$ 4,951.15	$ -	$ 71.79	$ 5,022.94	10/2/2005	10/3/2025	
Las Cruces Police Department	2351	GABRIEL ARENIBAS	22.24	$ 99,023.08	$ 4,951.15	$ -	$ 71.79	$ 5,022.94	4/6/2003	4/7/2026	
Las Cruces Police Department	2478	GIL MORA	20.88	$ 84,601.92	$ 4,230.10	$ -	$ 61.34	$ 4,291.44	2/17/2004	2/18/2026	
Las Cruces Police Department	2501	GUADALUPE SALINAS	4.02	$ 62,764.26	$ 3,138.21	$ -	$ 45.50	$ 3,183.71	6/20/2021	6/21/2026	
Las Cruces Police Department	2425	GUILLERMO IBARRA	9.28	$ 68,755.44	$ 3,437.77	$ -	$ 49.85	$ 3,487.62	3/20/2016	3/21/2026	
Las Cruces Police Department	2496	JESSE ROGERS	9.27	$ 73,998.08	$ 3,699.90	$ -	$ 53.65	$ 3,753.55	1/29/2024	1/30/2026	
Las Cruces Police Department	2500	JESUS RODRIGUEZ	4.69	$ 65,686.92	$ 3,284.35	$ -	$ 47.62	$ 3,331.97	10/11/2020	10/12/2025	
Las Cruces Police Department	2538	JOY WIITALA	19.75	$ 119,570.25	$ 5,978.51	$ -	$ 86.69	$ 6,065.20	10/2/2005	10/3/2025	
Las Cruces Police Department	2400	JUAN GOMEZ	19.75	$ 84,601.92	$ 4,230.10	$ -	$ 61.34	$ 4,291.44	10/2/2005	10/3/2025	
Las Cruces Police Department	2493	KEBAR RODRIGUEZ	4.03	$ 62,764.26	$ 3,138.21	$ -	$ 45.50	$ 3,183.71	6/20/2021	6/21/2026	
Las Cruces Police Department	2488	LUIS RIOS	20.88	$ 86,560.24	$ 4,328.01	$ -	$ 62.76	$ 4,390.77	2/17/2004	2/18/2026	
Las Cruces Police Department	2515	MANUEL SOTO	20.53	$ 91,052.78	$ 4,552.64	$ -	$ 66.01	$ 4,618.65	2/2/2009	2/3/2026	
Las Cruces Police Department	2535	MAX WEIR	23.41	$ 88,578.36	$ 4,428.92	$ -	$ 64.22	$ 4,493.14	2/1/2002	2/2/2026	
Las Cruces Police Department	2518	NATHANIEL TELLES	4.02	$ 62,764.26	$ 3,138.21	$ -	$ 45.50	$ 3,183.71	6/20/2021	6/21/2026	

Exhibit A - LERF Year 4 Compliant Agencies Eligible Officers Roster
Las Cruces Police Department

Agency	Officer ID	Name	Year	Compensation	5% PRDD (Paid to Officer)	Social Sec (Retained by Agency)	Medicare (Retained by Agency)	Total Amount Disbursed	Agency Hire Date	LERF Payout Date	Note
Las Cruces Police Department	2388	PATRICK DOYLE	29.10	$ 99,023.08	$ 4,951.15	$ -	$ 71.79	$ 5,022.94	5/26/1996	5/27/2026	
Las Cruces Police Department	2461	RENE MOLENDA	27.05	$ 90,628.46	$ 4,531.42	$ -	$ 65.71	$ 4,597.13	6/12/1998	6/13/2026	
Las Cruces Police Department	2489	RICHARD RIVERA	4.03	$ 62,764.26	$ 3,138.21	$ -	$ 45.50	$ 3,183.71	6/20/2021	6/21/2026	
Las Cruces Police Department	2355	RICKY BARDWELL	20.88	$ 86,560.24	$ 4,328.01	$ -	$ 62.76	$ 4,390.77	2/17/2004	2/18/2026	
Las Cruces Police Department	2516	SELENA TARIN	4.02	$ 62,764.26	$ 3,138.21	$ -	$ 45.50	$ 3,183.71	6/20/2021	6/21/2026	
Las Cruces Police Department	2450	STANFORD MACK	25.98	$ 99,023.08	$ 4,951.15	$ -	$ 71.79	$ 5,022.94	7/9/1999	7/10/2025	
Totals			30	$ 2,455,813.25	$ 122,790.64	$ -	$ 1,780.44	$ 124,571.08			

Page 2 of 2

$3,000,000

WATER PROJECT FUND
LOAN/GRANT AGREEMENT

dated

November 14, 2025

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 November 14, 2025, 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. 3098; Ordinance No. 26-006 as a Supplemental Ordinance to the Master Ordinance authorizing this Loan/Grant Agreement, and this Loan 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 $300,000 from the Lender/Grantor and to accept a grant in the amount of $2,700,000 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 15, 2023 and January 23, 2024 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 6, Laws 2024, being House Bill 148 of the 2024 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 30, 2024 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 $450,000.

"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 15, 2023 and the New Mexico Water Trust Board Readiness Application dated January 23, 2024 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 $2,700,000.

"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 $300,000.

"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 $3,000,000.

"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 and 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. 3098, adopted by the Governing Body on October 6, 2025, 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.

(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

(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 December 31, 2025 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 23, 2024 and by the NMFA's Board of Directors on May 30, 2024, 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 R Russel

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 Suzanne Wood Bruckner

Suzanne Wood Bruckner

APPROVED FOR EXECUTION BY OFFICERS OF THE NEW MEXICO FINANCE AUTHORITY:

By Mark Chaiken

Mark Chaiken, General Counsel

BORROWER/GRANTEE:

CITY OF LAS CRUCES, NEW MEXICO

By_______________________________
Eric Enriquez, Mayor

[SEAL]

ATTEST:

By Christine Rivera
Christine Rivera, City Clerk

<u>EXHIBIT “A”</u>

TERM SHEET

$3,000,000 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 rehabilitation improvements to the two million gallon Teshlor Tank, 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:	$2,700,000
Loan Amount:	$300,000
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, 2024 DW-6255, DW-6674
Outstanding Super Subordinate Obligations for Pledged Revenues:	WPF-6289
Authorizing Legislation:	Borrower/Grantee Ordinance No. 3098, adopted October 6, 2025

Additional Funding Amount:	$450,000
Closing Date:	November 14, 2025
Project Account Amount:	$3,000,000
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.

<u>EXHIBIT "B"</u>

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, 2028 and ending June 1, 2047. 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.

[ATTACH DEBT SERVICE SCHEDULE OR INTERIM DEBT SERVICE SCHEDULE]

EXHIBIT "C"

FORM OF REQUISITION
(Water Project Fund)

RE: $3,000,000 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-6289 Closing Date: November 14, 2025

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: $__________________

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-6289 **Project Name**: Telshor Tank Rehabilitation **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 $450,000

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: $3,000,000 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-6289

Closing Date: November 14, 2025

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: ____________________________________

EXHIBIT "F"

DOCUMENTS

1. Open Meetings Act Ordinance No. 25-063 adopted by the Borrower/Grantee on December 2, 2024

2. Ordinance No. 3098 adopted on October 6, 2025, 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)

Attachment "B"

Dropbox Sign

Audit trail

Title	FOR SIGNATURE - Las Cruces WPF-6289
File name	FOR_SIGNATURE_-_Las_Cruces__WPF-6289.pdf
Document ID	2e9710ace69e6a1036cdcee2a275a8b3a7a694a7
Audit trail date format	MM / DD / YYYY
Status	Signed

Document History

SENT	11 / 06 / 2025 15:54:51 UTC	Sent for signature to Suzanne Wood Bruckner (swb@sutinfirm.com) from arm@sutinfirm.com IP: 140.82.177.82
VIEWED	11 / 06 / 2025 15:56:05 UTC	Viewed by Suzanne Wood Bruckner (swb@sutinfirm.com) IP: 140.82.177.82
SIGNED	11 / 06 / 2025 15:57:22 UTC	Signed by Suzanne Wood Bruckner (swb@sutinfirm.com) IP: 140.82.177.82
COMPLETED	11 / 06 / 2025 15:57:22 UTC	The document has been completed.

$15,000,000 Maximum Principal Amount

Maximum Forgiven Principal Amount $11,250,000

Maximum Repayable Principal Amount $3,750,000

DRINKING WATER STATE REVOLVING LOAN FUND SUBORDINATE LIEN LOAN AND SUBSIDY AGREEMENT

dated

November 14, 2025

by and between the

NEW MEXICO FINANCE AUTHORITY

and the

CITY OF LAS CRUCES,
DOÑA ANA COUNTY, NEW MEXICO

DRINKING WATER STATE REVOLVING LOAN FUND SUBORDINATE LIEN LOAN AND SUBSIDY AGREEMENT

This SUBORDINATE LIEN LOAN AND SUBSIDY AGREEMENT (the "Loan Agreement" or "Subordinate Lien Loan Agreement"), dated November 14, 2025, is entered into by and between the **NEW MEXICO FINANCE AUTHORITY** (the "NMFA"), and the **CITY OF LAS CRUCES**, Doña Ana County, New Mexico (the "Governmental Unit"), an incorporated home rule municipality duly organized and existing under the laws of the State of New Mexico (the "State").

WITNESSETH:

Capitalized terms used in the following recitals of this Loan Agreement and not defined in the first Paragraph above or in these recitals shall have the same meaning as defined in the Master Ordinance or Article I of this Loan Agreement, unless the context requires otherwise.

WHEREAS, the NMFA is authorized, pursuant to the Drinking Water State Revolving Loan Fund Act, NMSA 1978, §§ 6-21A-1 through 6-21A-9, as amended (the "DWSRLF Act") to implement a program to permit qualified local authorities, such as the Governmental Unit, to enter into agreements with the NMFA to provide financial assistance in the acquisition, design, construction, improvement, expansion, repair and rehabilitation of drinking water supply facilities as authorized by the federal Safe Drinking Water Act of 1974 ("SDWA"); and

WHEREAS, the DWSRLF Act was adopted pursuant to the SDWA which authorizes the United States Environmental Protection Agency ("EPA") to set national based standards for drinking water and was originally passed by Congress in 1974 and amended in 1986, 1996, 2018 and 2021 with the passage of the Bipartisan Infrastructure Law signed into law on November 15, 2021 ("BIL"); and

WHEREAS, the BIL, also known as the Infrastructure Investment and Jobs Act was implemented with the purpose, among others, of expanding access to clean drinking water throughout the United States of America; and

WHEREAS, the BIL funds the Lead Service Line Replacement ("LSLR") program with the purpose of removing lead service lines from water systems under the SDWA which includes identification, planning, design and replacement, of lead service lines, corrosion control optimization, lead testing and education, and interim/emergency protocols; and

WHEREAS, the Governmental Unit enters into this Loan Agreement pursuant to the LSLR program authorized by the BIL; and

WHEREAS, a portion of the funds made available under this Loan Agreement pursuant to the DWSRLF Act and the SDWA, may be forgiven and, if forgiven, will not be required to be repaid; and

WHEREAS, the Governmental Unit is an incorporated home rule municipality under the general laws of the State and more specifically, the City Charter adopted under Article X Section 6 of the State Constitution and the Municipal Code, NMSA 1978, §§ 3-1-1 through 3-66-11, as amended, and is a qualified local authority under the DWSRLF Act; and

WHEREAS, the Governing Body of the Governmental Unit has determined that it is in the best interests of the Governmental Unit and the public it serves that the Governmental Unit enter into this Loan Agreement with the NMFA and accept a subordinate lien loan and subsidy from the NMFA to finance the costs of the Project, as more fully described on the Term Sheet attached hereto as Exhibit "A"; and

WHEREAS, the Project appears on the Drinking Water Fundable Priority List; and

WHEREAS, the Project has been planned and authorized in conformity with the Intended Use Plan; and

WHEREAS, a portion of the funds made available under this Loan Agreement pursuant to the DWSRLF Act and the SDWA are federal funds categorized as CFDA 66.468; and

WHEREAS, pursuant to information provided by the Governmental Unit and environmental review by applicable State and federal agencies, and in accordance with 40 C.F.R. Sections 6.204, 6.300(c)(1), and 6.301(f), and pursuant to the environmental review process of the State, the NMFA will determine in writing prior to disbursement of any proceeds of the Loan for construction if the Project meets the requirements for a Categorical Exclusion as defined in the State Environmental Review Process (SERP) for the Drinking Water State Revolving Loan Fund; and

WHEREAS, pursuant to 42 U.S.C. 300j-12(a)(3), the New Mexico Environment Department Drinking Water Bureau has determined that the Governmental Unit has sufficient technical, managerial and financial capability to operate the Project for its useful life and ensure compliance with the requirements of the SDWA; and

WHEREAS, the Governmental Unit 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 Governmental Unit payable from the Net Revenues of the System; and

WHEREAS, the Master Ordinance authorizes the Governmental Unit to adopt Supplemental Ordinances authorizing the issuance of additional Subordinated Bonds payable from the Net Revenues of the System; and

WHEREAS, the Governmental Unit has adopted Ordinance No. 3097 introduced as Council Bill No. 26-005 on October 6, 2025, as a Supplemental Ordinance authorized by the Master Ordinance for the purpose of entering into this Loan Agreement, and this Loan Agreement constitutes a System Bond within the meaning of the Master Ordinance.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants herein contained, the NMFA and the Governmental Unit agree:

ARTICLE I
DEFINITIONS

Capitalized terms defined in this Article I, for all purposes, shall have the meaning specified in the Master Ordinance or this Article I wherever used in this Loan 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). Capitalized terms defined in the foregoing recitals, if not defined in this Article I, shall have the same meaning as therein stated when used in this Loan Agreement, unless the context clearly requires otherwise.

"Administrative Fee" or "Administrative Fee Component" means the 0.25% annual fee payable to the NMFA as 0.25% of the Aggregate Repayable Disbursements then outstanding as a part of each Loan Agreement Payment for the costs of originating and servicing the Loan.

"Aggregate Disbursements" means, at any time after the Closing Date, the sum of all Disbursements.

"Aggregate Forgiven Disbursements" means the amount of subsidy provided in the form of principal forgiveness, and shall at any time after the Closing Date be equal to the product of the subsidy times the Aggregate Disbursements, up to the Maximum Forgiven Principal Amount.

"Aggregate Program Amount" means, with respect to this Loan Agreement, the sum of the Aggregate Repayable Disbursements and the Aggregate Forgiven Disbursements up to the Maximum Principal Amount.

"Aggregate Repayable Disbursements" means, at any time after the Closing Date, the Aggregate Disbursements less the Aggregate Forgiven Disbursements.

"Approved Requisition" means a requisition in the form of Exhibit "C" to this Loan Agreement, together with the required supporting documentation set out in Exhibit "C" submitted to and approved by the NMFA pursuant to Section 4.2 of this Loan Agreement.

"Authorized Officers" means, with respect to the Governmental Unit, the Mayor, City Manager, City Financial Services Director, City Treasurer and City Clerk thereof; and with respect to the NMFA, any one or more of the Chairperson, Vice-Chairperson, Secretary and Chief Executive Officer, and any other officer or employee of the NMFA designated in writing by an Authorized Officer of the NMFA.

"City Charter" means the home rule charter of the Governmental Unit submitted to the Governing Body on January 7, 1985, and approved by the voters of the Governmental Unit on March 5, 1985, as amended and supplemented.

"Closing Date" means the date of execution and delivery of this Loan Agreement as shown on the Term Sheet.

"Debt Service Account" means the debt service account established in the name of the Governmental Unit and administered by the NMFA to pay the Loan Agreement Payments under this Loan Agreement as the same become due.

"Debt Service Requirements" shall have the meaning set forth in Section 1.01 of the Master Ordinance.

"Department" means the New Mexico Environment Department.

"Disbursement" means an amount caused to be paid by the NMFA for an Approved Requisition for costs of the Project, calculated on the basis of the amount of such Approved Requisition.

"Drinking Water Fundable Priority List" means the list of drinking water projects compiled by the Department pursuant to the Memorandum of Understanding and the Intended Use Plan.

"DWSRLF Act" means the general laws of the State, particularly the Drinking Water State Revolving Loan Fund Act, NMSA 1978, §§ 6-21A-1 through 6-21A-9, the Municipal Code, NMSA 1978, §§ 3-1-1 through 3-66-11, the City Charter adopted under Article X Section 6 of the State Constitution, the Master Ordinance, all as may be amended from time to time; and enactments of the Governing Body relating to this Loan Agreement, including the Ordinance.

"Drinking Water State Revolving Loan Fund" means the drinking water state revolving loan fund established by the DWSRLF Act.

"Environmental Protection Agency" or "EPA" means the United States Environmental Protection Agency.

"Event of Default" means one or more events of default as defined in Section 10.1 of this Loan Agreement.

"Final Loan Agreement Payment Schedule" means the schedule of Loan Agreement Payments due on this Loan Agreement following the Final Requisition, as determined on the basis of the Aggregate Repayable Disbursements.

"Final Requisition" means the final requisition of moneys to be submitted by the Governmental Unit, which shall be submitted by the Governmental Unit on or before the date provided for in Section 4.1(b) of this Loan 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 may hereafter establish for the Governmental Unit as its fiscal year.

"Generally Accepted Accounting Principles" means the officially established accounting principles applicable to the Governmental Unit 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 NMFA establishing accounting principles applicable to the Governmental Unit.

"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 Loan Agreement and not solely to the particular section or paragraph of this Loan Agreement in which such word is used.

"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.

"Intended Use Plan" means the current plan prepared by the NMFA and the Department and approved by the Environmental Protection Agency pursuant to 42 U.S.C. Section 300j-12(b) and 40 CFR §35.3555 which establish criteria for extending drinking water improvements financial assistance to qualifying public drinking water utility systems.

"Interest Component" means the portion of each Loan Agreement Payment paid as interest accruing on the Aggregate Repayable Disbursements then outstanding, calculated from the date of each Disbursement.

"Interest Rate" means the rate of interest on this Loan Agreement, which includes the Administrative Fee, as shown on the Term Sheet.

"Interim Period" means the period no greater than twenty-seven (27) months, or a longer period as may be approved by the NMFA as provided in Section 4.1(b) of this Loan Agreement, beginning on the Closing Date, during which the NMFA will disburse moneys to the Governmental Unit to pay costs of the Project, unless extended pursuant to Section 4.1(b) of this Loan Agreement.

"Interim Loan Agreement Payment Schedule" means the anticipated schedule of Loan Agreement Payments due on this Loan Agreement following the Final Requisition, assuming disbursement of the entire Aggregate Program Amount within twenty-seven (27) months of the Closing Date. The Interim Loan Agreement Payment Schedule is attached hereto as Exhibit "B".

"Loan" means the funds to be loaned to the Governmental Unit by the NMFA pursuant to this Loan Agreement, up to the Maximum Principal Amount.

"Loan Agreement" or "Subordinate Lien Loan Agreement" means this subordinate lien loan and subsidy agreement and any amendments or supplements hereto, including the exhibits attached to this subordinate lien loan agreement.

"Loan Agreement Payment" means, collectively, the Maximum Repayable Principal Amount, the Interest Component, and the Administrative Fee Component to be paid by the Governmental Unit as payment on the Aggregate Repayable Disbursements under this Loan Agreement, as shown on Exhibit "B" hereto.

"Loan Agreement Payment Date" means each date a Loan Agreement payment is due on this Subordinate Lien Loan Agreement as shown on the Interim Loan Agreement Payment Schedule, attached hereto as Exhibit "B" or in the Final Loan Agreement Payment Schedule.

"Loan Agreement Term" means the term of this Loan Agreement as provided under Article III of this Loan Agreement.

"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 and Ordinance No. 3097, Council Bill No. 26-005 adopted by the Council on October 6, 2025.

"Maximum Annual Debt Service Requirements" shall have the meaning established in Section 1.01 of the Master Ordinance under the definition of Debt Service Requirements.

"Maximum Forgiven Principal Amount" means the maximum amount of loan subsidy available in the form of principal forgiveness to be applied proportionally at the time of each Disbursement to the Governmental Unit, up to 75% of the Maximum Principal Amount. The Maximum Forgiven Principal Amount is eleven million two hundred fifty thousand dollars ($11,250,000).

"Maximum Principal Amount" means fifteen million dollars ($15,000,000).

"Maximum Repayable Principal Amount" means the maximum amount of Aggregate Repayable Disbursements made to the Governmental Unit pursuant to this Subordinate Lien Loan Agreement. The Maximum Repayable Principal Amount is three million seven hundred fifty thousand dollars ($3,750,000).

"Memorandum of Understanding" means the current memorandum of understanding by and between the NMFA and the Department pursuant to the DWSRLF Act describing and allocating duties and responsibilities in connection with the Drinking Water State Revolving Loan Fund program.

"Net Revenues" or "Net Revenues of the System" means the Gross Revenues of the System owned and operated by the Governmental Unit minus Operation and Maintenance Expenses as defined in Section 1.01 of the Master Ordinance.

"NMFA Act" means NMSA 1978, §§ 6-21-1 through 6-21-31, as amended.

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

"Operating Agreement" means the operating agreement entered into between the NMFA and the Environmental Protection Agency, Region 6, for the Drinking Water State Revolving Loan Fund program.

"Operation and Maintenance Expenses" means "Operation and Maintenance Expenses" as defined in Section 1.01 of the Master Ordinance.

"Ordinance" or "Loan Ordinance" means Ordinance No. 3097, introduced as Council Bill No. 26-005, adopted by the Governing Body of the Governmental Unit on October 6, 2025, amending and supplementing the Master Ordinance, approving this Loan Agreement and pledging the Pledged Revenues to the payment of the Loan Agreement Payments as shown on the Term Sheet, as supplemented from time to time.

"Parity Obligations" or "Parity Bonds" means "Parity Bonds" as defined in Section 1.01 of the Master Ordinance.

"Permitted Investments" means Permitted Investments as defined in Section 1.01 of the Master Ordinance.

"Pledged Revenues" means the Net Revenues of the System of the Governmental Unit pledged to the payment of the Loan Agreement Payments pursuant to the Ordinance and this Subordinate Lien Loan Agreement and described in the Term Sheet.

"Principal Component" means the portion of each Loan Agreement Payment paid as principal on this Subordinate Lien Loan Agreement, based upon the Aggregate Repayable Disbursements, as shown on Exhibit "B" attached to this Subordinate Lien Loan Agreement.

"Project" means the project described on the Term Sheet.

"Safe Drinking Water Act" or "SDWA" means 42 U.S.C. §§ 300f et seq.

"Service Area" means the area served by the System, whether situated within or without the limits of the Governmental Unit.

"State Environmental Review Process" or "SERP" means the environmental review process adopted by the NMFA, as required by and approved by the Environmental Protection Agency, pursuant to the Operating Agreement.

"Subordinated Obligations" means "Subordinated Bonds" as defined in Section 1.01 of the Master Ordinance

"Super Subordinated Obligations" or "Super Subordinated Bonds" means "Super Subordinated Bonds" as defined in Section 1.01 of the Master Ordinance, as amended by the Ordinance.

"System" means the joint water, sanitary sewer and natural gas utility system of the Governmental Unit defined in Section 1.01 of the Master Ordinance.

"System Bonds" means "System Bonds" as defined in Section 1.01 of the Master Ordinance, as amended by the Ordinance.

"Term Sheet" means Exhibit "A" attached to this Subordinate Lien Loan Agreement.

"Unrequisitioned Principal Amount" means the amount, if any, by which the Maximum Principal Amount exceeds the Aggregate Disbursements at the time the Governmental Unit submits the certificate of completion required pursuant to Section 6.3 of this Subordinate Lien Loan Agreement.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Governmental Unit. The Governmental Unit represents, covenants and warrants as follows:

(a) Binding Nature of Covenants; Enforceability. All representations, covenants, stipulations, obligations and agreements of the Governmental Unit contained in this Loan Agreement shall be deemed to be the representations, covenants, stipulations, obligations and agreements of the Governmental Unit to the full extent authorized or permitted by law, and such representations, covenants, stipulations, obligations and agreements shall be binding upon the Governmental Unit 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 Subordinate Lien 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) Authorization of Subordinate Lien Loan Agreement and Readiness to Proceed. The Governmental Unit is an incorporated home rule municipality, a political subdivision of the State, and is duly organized and existing under the statutes and laws of the State, including specifically Article X, Section 6 of the State Constitution and the Municipal Code, NMSA 1978, §§ 3-1-1 through 3-66-11, as amended. The Governmental Unit is a local authority as defined in the DWSRLF Act. The Governmental Unit is authorized to enter into the transactions contemplated by this Subordinate Lien Loan Agreement and to carry out its obligations hereunder. The Governmental Unit has duly authorized and approved the execution and delivery of this Subordinate Lien Loan Agreement and the other documents related to the transaction. The Governmental Unit has met all readiness to proceed requirements of the NMFA and has met and will continue to meet all requirements of law applicable to this Loan Agreement.

(c) Use of Loan Agreement Proceeds. Pursuant to Section 26.01 of the Master Ordinance, the Governmental Unit shall proceed without delay in applying the Aggregate Program Amount, pursuant to Section 6.1 of this Subordinate Lien Loan Agreement to the acquisition and completion of the Project and to no other purpose, as follows:

(i) The Governmental Unit shall, within two (2) years after the Closing Date, have completed the acquisition of the Project, and shall within twenty-seven (27) months after the Closing Date have requisitioned the Aggregate Program Amount, or such portion thereof as shall be necessary to complete the Project, unless an extension is agreed to pursuant to Section 4.1(b) of this Subordinate Lien Loan Agreement.

(d) Payment of Loan Agreement Payments. Pursuant to Section 26.02 of the Master Ordinance, the Governmental Unit meets and will continue to meet the requirements established by the Master Ordinance and the NMFA to assure sufficient Pledged Revenues to operate and maintain the System for its useful life and repay the Loan. The Governmental Unit shall promptly pay Loan Agreement Payments, as specified in the Interim Loan Agreement Payment Schedule or the Final Loan Agreement Payment Schedule, as applicable, according to the true intent and meaning of this Loan Agreement on parity with the outstanding Subordinated Obligations.

(e) Conduction, Acquisition and Completion of Project; Compliance with Laws. The Project will be conducted, 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 conduction, acquisition and completion of the Project and to the use of the Pledged Revenues as further described under Article VII herein. The Governmental Unit has or will acquire proper title to, easements, rights-of-way, permits, or the requisite access needed, on the real property upon which the Project will be located by right of use or adverse possession, by legal conveyances such as right-of-way, easements, deeds, permits or other instruments. The Governmental Unit shall exercise its power of eminent domain, if needed to comply with this paragraph.

(f) Necessity of Project. The acquisition and completion of the Project under the terms and conditions provided for in this Subordinate Lien 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 the public it serves.

(g) Legal, Valid and Binding Obligation. The Governmental Unit has taken all required action necessary to authorize the execution and delivery of this Subordinate Lien Loan Agreement. This Subordinate Lien Loan Agreement constitutes a legal, valid and binding special obligation of the Governmental Unit enforceable in accordance with its terms.

(h) Loan Agreement Term. The Loan Agreement Term does not exceed the anticipated useful life of the Project.

(i) Use of Project. During the Loan Agreement Term, the Project will at all times be used for the purpose of benefiting the Governmental Unit and the public it serves.

(j) No Breach or Default Caused by Loan Agreement. Neither the execution and delivery of this Subordinate Lien Loan Agreement and the other documents related to this transaction, nor the fulfillment of or compliance with the terms and conditions in this Loan Agreement and the other documents related to this transaction, nor the consummation of the transactions contemplated herein, 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.

(k) 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 Subordinate Lien Loan Agreement shall be irrevocable until this Subordinate Lien 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.

(l) Outstanding and Additional Debt. Except for the Parity Obligations, Subordinated Obligations and Super Subordinated Obligations 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 lien on the Pledged Revenues. The Governmental Unit may issue additional System Bonds (Parity Obligations, Subordinated Obligations and Super Subordinated obligations) in conformance with the requirements of the Master Ordinance and Section 5.4 hereof.

(m) No Litigation. To the knowledge of the Governmental Unit after due investigation, 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 and the other documents related to this transaction or to comply with its obligations under this Subordinate Lien Loan Agreement and documents related to the transaction. Neither the execution and delivery of this Subordinate Lien Loan Agreement and the other documents related to the transaction by the Governmental Unit nor compliance by the Governmental Unit with the obligations under this Loan 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.

(n) No Event of Default. No event has occurred and no condition exists which, upon the execution and delivery of this Loan Agreement and the other documents related to the transaction, would constitute an Event of Default on the part of the Governmental Unit under this Subordinate Lien Loan Agreement and the other documents related to the transaction.

(o) Existing Pledges; Pledged Revenues Not Budgeted. Except as described on the Term Sheet the Pledged Revenues have not been pledged or hypothecated in any manner for any purpose at the time of execution and delivery of this Subordinate Lien Loan Agreement. The portion of the Pledged Revenues necessary to pay the Subordinate Lien 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.

(p) Expected Coverage Ratio. The City shall comply with the requirements of the Rate Covenant set out in Section 2.2(a) of this Subordinate Lien Loan Agreement.

(q) Governmental Unit's Existence. The Governmental Unit will maintain its legal identity and existence so long as this Subordinate Lien Loan Agreement is unpaid, unless another political subdivision, State agency or other entity by operation of law succeeds to the liabilities, rights and duties of the Governmental Unit under this Subordinate Lien Loan Agreement without adversely affecting to any substantial degree the privileges and rights of the NMFA.

(r) Continuing Disclosure. The Governmental Unit covenants that it shall provide continuing disclosure to the NMFA, as the NMFA may require, that shall include, but not be limited to: Project documents, annual audits, operational data required to update information in any disclosure documents used in connection with assignment or securitizing this Loan Agreement or the Loan Agreement Payments by issuance of Bonds by the NMFA, and notification of any event deemed material by the NMFA and communicated to the Governmental Unit in writing. For the purposes of this Subordinate Lien Loan Agreement, a material event shall include, without limitation, any violation by the Governmental Unit or alleged violation by the Governmental Unit asserted by a state or federal agency of appropriate jurisdiction, of federal law, regulation, or policy which governs or applies to participants in the Drinking Water State Revolving Loan Fund program of which the City has knowledge.

(s) Single Audit Act Requirement. The Governmental Unit acknowledges that the funding provided pursuant to this Loan Agreement is derived in large part from federal grants to the Drinking Water State Revolving Loan Fund program pursuant to the Operating Agreement. During the Loan Agreement Term, the Governmental Unit shall annually, so long as the Governmental Unit expends more or equal to the threshold amount set forth in 2 C.F.R. Section 200.501 during any one Fiscal Year, cause an audit of the books and accounts of its operations in their entirety, in accordance with § 200.514, except when it elects to have a program-specific audit conducted in accordance with 2 C.F.R. 200.501(c) to be completed by an Independent Accountant in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. Section 7501 et seq.), and applicable regulations thereunder. The Governmental Unit shall notify the NMFA and the Drinking Water State Revolving Loan Fund program when it conducts an audit in accordance with 2 C.F.R. Section 200.501. The Governmental Unit shall provide a copy to the NMFA and the Drinking Water State Revolving Loan Fund program of such audit within 30 days of completion. The Governmental Unit will inform the Drinking Water State Revolving Loan Fund program and the NMFA of any findings and recommendations pertaining to the Drinking Water State Revolving Loan Fund contained in the audit. The Governmental Unit will also submit the audit to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditor's report(s) or nine months of the end of the audit period pursuant to 2 CFR § 200.512. The Governmental Unit will inform the Drinking Water State Revolving Loan Fund program and NMFA that the audit has been submitted to the Federal Audit Clearinghouse and provide a copy to the Drinking Water State Revolving Loan Fund program and NMFA upon request. The audit will also be available for inspection by the NMFA Environmental Protection Agency.

(t) Notice of Additional Obligations. For so long as the Subordinate Lien Loan Agreement is outstanding, the Governmental Unit shall notify the NMFA of the approval by the Governmental Unit of the issuance of any Parity Obligations, Subordinated Obligations or Super Subordinated Obligations before the Governmental Unit's first reading of a supplemental ordinance related to the issuance of such Parity Obligations, Subordinated Obligations or Super Subordinated Obligations (the "Notice Requirements") unless such Parity Obligations, Subordinated Obligations or Super Subordinated Obligations are being purchased by the NMFA. Notification to the NMFA of the posting of an Official Statement for such additional Parity Obligations, Subordinated Obligations or Super Subordinated Obligations or a material event notice on the Electronic Municipal Marketplace Access (EMMA) website regarding the issuance of such additional Parity Obligations, Subordinated Obligations or Super Subordinated Obligations shall constitute notice of the final terms and conditions of the additional Parity Obligations, Subordinated Obligations or Super Subordinated Obligations. The obligations of the Governmental Unit under the Notice Requirements of this section 2.2(t) are for the benefit of the NMFA as lender under the Agreement. Specific performance by court order to compel the Governmental Unit to comply with its obligations under the Notice Requirements shall be the exclusive remedy available to the NMFA or any other Owner. If the additional Parity Obligations, Subordinated Obligations or Super Subordinated Obligations meet the requirements of the Master Ordinance and the Loan Ordinance or this Loan Agreement, the Governmental Unit's breach of its obligations under the Notice Requirements will not be considered an "event of default" under the Ordinance or this Loan Agreement, and none of the other rights and remedies provided by the Ordinance and this Subordinate Lien Loan Agreement will be available to the NMFA or other Owners with respect to such a breach.

(u) Construction Requirements. The Governmental Unit shall require any contractor hired by it in connection with the construction of the Project to post a performance and payment bond as provided by NMSA 1978, § 13-4-18, as amended.

(v) Compliance with BIL. The Governmental Unit shall comply with all requirements of the LSLR program contained in the BIL and state and federal law and regulations.

Section 2.2 Protective Covenants Regarding Operation of the System. The Governmental Unit further represents, covenants and warrants as follows:

(a) Rate Covenant.

Pursuant to Section 26.03 of the Master Ordinance, the (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, including Super Subordinated Bonds, Outstanding in such Fiscal Year, including this Subordinate Lien Loan Agreement.

Failure by the City 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 Loan Agreement so long as the Governmental Unit, 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 City into compliance with the Rate Covenant set forth above. The Governmental Unit 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 Governmental Unit 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 Governmental Unit 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 Governmental Unit may implement reductions in Operation and Maintenance Expenses for the System in an amount sufficient to meet the Rate Covenant.

(b) Efficient Operation. Pursuant to Section 26.06 of the Master Ordinance, the Governmental Unit 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.

(c) Records. Pursuant to Section 26.07 of the Master Ordinance, so long as this Subordinate Lien Loan Agreement remains outstanding, proper books of record and account will be kept by the Governmental Unit in accordance with Generally Accepted Accounting Principles as issued by the Governmental Accounting Standards Board, separate from all other records and accounts, showing complete and correct entries of all transactions relating to the System. However, pursuant to NMSA 1978, § 6-14-10(E), as amended, records with regard to the ownership or pledge of Utility Revenue Bonds are not subject to inspection or copying.

(d) Right to Inspect. Pursuant to Section 26.08 of the Master Ordinance, the NMFA, or its duly authorized agents, shall have the right to inspect at all reasonable times the Project and all records, accounts and data relating to the Project, the Pledged Revenues, and the System.

(e) Audits. Pursuant to Section 26.09 of the Master Ordinance, within one hundred eighty (180) days following the close of each Fiscal Year, the Governmental Unit will cause an audit of the books and accounts of the System to be made by an Independent Accountant and the audit shall 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 Accounting Standards Board The audit required by this section may, at the Governmental Unit's discretion, be performed as a part of or in conjunction with the audit required under the Single Audit Act as set forth in Section 2.1(s) of this Loan Agreement.

(f) Billing Procedure. Pursuant to Section 26.10 of the Master Ordinance, bills for water, natural gas, and sanitary sewer utility services or facilities, or any combination thereof, 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, regulation or policy of the Governmental Unit. To the extent permitted by law, if a bill is not paid within the period of time required by such ordinance, resolution, regulation or policy, water, natural gas and sewer utility services shall be discontinued as required by Governmental Unit ordinance, resolution, regulation, or policy, and the rates and charges due shall be collected in a lawful manner, including, but not limited to, the cost of disconnection and reconnection. Water, natural gas and sanitary sewer 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.

(g) Charges and Liens Upon System. Pursuant to Section 26.11 of the Master Ordinance, the Governmental Unit will pay when due from Gross Revenues or other legally available funds all taxes and assessments or other municipal or governmental charges, lawfully levied or assessed upon the System and will observe and comply with all valid requirements of any municipal or governmental authority relating to the System. The Governmental Unit will not create or permit any lien or charge upon the System or the Gross Revenues except as permitted by the Master Ordinance, or it will make adequate provisions to satisfy and discharge within sixty (60) days after the same accrue, all lawful claims and demands for labor, materials, supplies or other objects, which, if unpaid, might by law become a lien upon the System or the Gross Revenues. However, the Governmental Unit shall not be required to pay or cause to be discharged, or make provision for any tax assessment, lien or charge before the time when payment becomes due or so long as the validity thereof is contested in good faith by appropriate legal proceedings and there is no adverse effect on the NMFA.

(h) Insurance. Pursuant to Section 26.12 of the Master Ordinance, subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions, in its operation of the System, the Governmental Unit will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance with respect to the facilities constituting the System and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Governing Body, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by entities which operate water, sanitary sewer and natural gas utility systems such as the System. “Qualified Self Insurance” means insurance maintained through a program of self insurance or insurance maintained with a fund, company or association in which the Governmental Unit may have a material interest and of which the Governmental Unit may have control, either singly or with others. Each plan of Qualified Self Insurance shall be established in accordance with law, shall provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Governmental Unit determines to be reasonable to protect against risks assumed under the Qualified Self Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self Insurance. In the event of property loss or damage to the System, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged and thereafter, and any remainder may be used to redeem Utility Revenue Bonds or be treated as Gross Revenues and used as provided in Article XVIII of the Master Ordinance in any legally permissible manner.

(i) Competing Utility System. Pursuant to Section 26.13 of the Master Ordinance, unless contrary to any provision of, or required by, applicable law, as long as this Loan Agreement is outstanding, the Governmental Unit will not grant any franchise or license to a competing water, sanitary sewer and natural gas utility system, or permit any person, association, firm or corporation to sell water, sanitary sewer and natural gas utility services or facilities to any consumer, public or private, within the Service Area of the System; provided however, that nothing shall prevent the Governmental Unit from annexing land into its boundaries solely due to the fact that there is a competing utility system or person, association, firm or corporation providing such utility services or facilities within or for the land to be annexed.

(j) Alienating System. Pursuant to Section 26.14 of the Master Ordinance, except as permitted by Section 26.14 of the Master Ordinance, while this Subordinate Lien Loan Agreement is outstanding, the Governmental Unit shall not transfer, sell or otherwise dispose of the System, except that the Governmental Unit may dispose of inadequate, obsolete or worn-out property. For purposes of this Section, any transfer of an asset over which the Governmental Unit retains or regains substantial control shall not, for so long as the Governmental Unit has such control, be deemed a disposition of the System.

(k) Competent Management. Pursuant to Section 26.16 of the Master Ordinance, the Governmental Unit shall employ experienced and competent personnel to manage the System.

(l) Performing Duties. Pursuant to Section 26.17 of the Master Ordinance, the Governmental Unit will faithfully and punctually perform all duties with respect to the System required by the Constitution and laws of the State and the regulations, policies, resolutions or ordinances and resolutions of the Governmental Unit relating to the System and this Loan Agreement, including, but not limited to, making and collecting reasonable and sufficient rates and charges for services rendered or furnished by the System as required by the Master Ordinance and by this Loan Agreement and the proper segregation and application of the Gross Revenues.

(m) Other Liens. Pursuant to Section 26.18 of the Master Ordinance, except for any Parity Obligations, Subordinated Obligations and Super Subordinated Obligations listed in the Term Sheet, as of the date of this Subordinate Lien Loan Agreement, there are no liens or encumbrances of any nature whatsoever, on or against the System or the Gross Revenues or Pledged Revenues on parity with, subordinate or senior to the lien of this Subordinate Lien Loan Agreement.

Section 2.3 Representations, Covenants and Warranties of the NMFA. The NMFA represents, covenants and warrants for the benefit of the Governmental Unit:

(a) Legal Status and Authorization of Loan Agreement. The NMFA 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 the NMFA Act. The NMFA 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 has duly authorized the execution and delivery of this Subordinate Lien Loan Agreement.

(b) No Breach or Default Caused by Loan Agreement. Neither the execution and delivery of this Subordinate Lien Loan Agreement, nor the fulfillment of or compliance with the terms and conditions of this Subordinate Lien Loan Agreement, nor the consummation of the transactions contemplated in this Subordinate Lien Loan 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 NMFA is a party or by which the NMFA 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 ordinance of any court, government or governmental authority having jurisdiction over the NMFA, or its property and which conflict or violation will have a material adverse effect on the NMFA or the financing of the Project.

(c) No Litigation. To the knowledge of the NMFA, there is no litigation or proceeding pending or threatened against the NMFA or any other person affecting the right of the NMFA to execute or deliver this Subordinate Lien Loan Agreement or to comply with its obligations under this Subordinate Lien Loan Agreement. To the knowledge of the NMFA, neither the execution and delivery of this Subordinate Lien Loan Agreement by the NMFA, nor compliance by the NMFA with its obligations under this Subordinate Lien Loan Agreement, requires the approval of any regulatory body, or any other entity, which approval has not been obtained.

(d) Legal, Valid and Binding Obligation. This Subordinate Lien Loan Agreement constitutes a legal, valid and binding obligation of the NMFA enforceable in accordance with its terms.

ARTICLE III

LOAN AGREEMENT TERM

The Subordinate Lien Loan Agreement Term shall commence on the Closing Date and shall not terminate until the Governmental Unit's obligations under this Loan Agreement have been paid in full or provision for payment of this Subordinate Lien Loan Agreement has been made pursuant to Article VIII hereof.

ARTICLE IV

LOAN; APPLICATION OF MONEYS

Section 4.1 Application of Loan Agreement Proceeds.

(a) On the Closing Date, the amount shown on the Term Sheet as the Aggregate Program Amount shall be made available for disbursal by the NMFA to the Governmental Unit pursuant to Section 6.2 of this Subordinate Lien Loan Agreement at the request of the Governmental Unit and as needed by the Governmental Unit to implement the Project.

(b) The Final Requisition shall be submitted by the Governmental Unit within twenty seven (27) months following the Closing Date, except only as otherwise approved in writing by an Authorized Officer of the NMFA, based on the Governmental Unit's demonstration, to the reasonable satisfaction of the Authorized Officer of the NMFA, that unanticipated circumstances beyond the control of the Governmental Unit resulted in delaying the acquisition and completion of the Project, and submission of the Governmental Unit's Final Requisition.

Section 4.2 Disbursements; Approval of Payment Requests.

(a) Prior to the disbursement of any proceeds of the Loan for construction, the Governmental Unit shall comply with EPA's regulations and guidelines applicable to the Project, the laws and regulations of the State and the environmental review process of the State governing the construction and operation of drinking water systems. The NMFA will determine compliance of SERP in writing prior to disbursement of any proceeds of the Loan for construction.

(b) Prior to approval by NMFA of a requisition of funds for construction, the NMFA, the Department, or other appropriate agency or entity on behalf of the NMFA, pursuant to an agreement between such agency or entity and the NMFA, will review and consider for approval (1) the engineer and engineering solicitation process for the Project; (2) the engineering contract for the Project; (3) the plans and specifications pursuant to 42 U.S.C. Section 300j-12 and (4) the bids for the conduct and completion of the Project.

(c) The Governmental Unit shall transmit payment requisitions in the form attached to this Loan Agreement as Exhibit "C" and the supporting documentation required pursuant to Exhibit "C" to the NMFA. The NMFA or its designee shall review each requisition for compliance with (i) the Project's scope and (ii) all applicable state and federal laws, rules and regulations, and shall approve or disapprove the requisition accordingly. The NMFA shall cause an Approved Requisition to be paid from the Drinking Water State Revolving Loan Fund.

Section 4.3 Termination by NMFA. NMFA may terminate this Loan Agreement in its sole discretion if it determines and notifies the Governmental Unit in writing that the Governmental Unit has not met within a reasonable period of time the requirements of Section 4.2 of this Loan Agreement.

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 NMFA hereby lends to the Governmental Unit and the Governmental Unit hereby borrows from the NMFA an amount not to exceed the Maximum Principal Amount. The Governmental Unit promises to pay, but solely from the sources pledged herein, the Loan Agreement Payments as herein provided. Subject to the superior lien of any Parity Obligations and in accordance with the priority of payment provisions set forth in Article XXVIII of the Master Ordinance, the Governmental Unit does hereby grant a 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 Governmental Unit in and to (i) the Pledged Revenues to the extent required to pay the Loan Agreement Payments on a parity with any Subordinated Obligations, (ii) the Debt Service Account, and (iii) all other rights hereinafter granted, for the securing of the Governmental Unit's obligations under this Subordinate Lien Loan Agreement, including payment of the Loan Agreement Payments, provided, however, that if the Governmental Unit, its successors or assigns, shall pay, or cause to be paid, all Loan Agreement Payments at the time and in the manner contemplated by this Subordinate Lien Loan Agreement, or shall provide as permitted by Article VIII of this Loan Agreement for the payment thereof, and shall pay all other amounts due or to become due under this Subordinate Lien Loan Agreement in accordance with its terms and provisions then, upon such final payment, this Loan Agreement and the rights created thereby shall terminate; otherwise, this Subordinate Lien Loan Agreement shall remain in full force and effect. The Loan Agreement Payments shall, in the aggregate, be sufficient to pay the Aggregate Repayable Disbursements, as set forth in the Interim Loan Agreement Payment Schedule or the Final Loan Agreement Payment Schedule, as applicable.

Within five (5) days after each payment of an Approved Requisition during the Interim Period, the NMFA shall recalculate on the basis of the Aggregate Repayable Disbursements to that date the Interest Component and Administrative Fee Component next coming due as set out in Section 5.2(a)(i) of this Loan Agreement and shall provide written notice to the Governmental Unit of the recalculated Interest Component and Administrative Fee Component. Within thirty (30) days after the final Disbursement, the NMFA shall provide a Final Loan Agreement Payment Schedule. The schedule of Loan Agreement Payments, assuming the disbursal of the entire Aggregate Program Amount within twenty-seven (27) months after the Closing Date, identified as the Interim Loan Agreement Payment Schedule, is attached to this Loan Agreement as Exhibit "B". The NMFA shall provide a Final Loan Agreement Payment Schedule following the final Disbursement which shall supersede the schedule attached 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 NMFA acknowledge and agree that the sources of the Loan Agreement Payments of the Governmental Unit hereunder are limited to the Pledged Revenues, and that the Subordinate Lien Loan Agreement shall constitute a special, limited obligation of the Governmental Unit. No provision of this Subordinate Lien Loan Agreement shall be construed or interpreted as creating a general obligation or other indebtedness of the Governmental Unit or the State within the meaning of any constitutional or statutory debt limitation. No provision of this Subordinate Lien 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 Subordinate Lien 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 payments under Article XVIII of the Master Ordinance, the Pledged Revenues may be utilized by the Governmental Unit as provided in the Master Ordinance for any other purposes permitted by law.

Section 5.2 Payment Obligations of Governmental Unit. The Debt Service Account shall be established and held by the NMFA or its designee on behalf of the Governmental Unit. All Loan Agreement Payments received by the NMFA or its designee pursuant to this Subordinate Lien Loan Agreement, shall be accounted for and maintained by the NMFA or its designee in the Debt Service Account, which account shall be kept separate and apart from all other accounts of the NMFA. The amounts on deposit in the Debt Service Account shall be expended and used by the NMFA only in the manner and order of priority specified herein.

(a) In accordance with Article XVIII of the Master Ordinance, as a subordinate charge and lien, but not an exclusive subordinate charge and lien, on the Pledged Revenues (on a parity with the lien on the Pledged Revenues created by any outstanding Subordinated Obligations), the Governmental Unit shall remit to the NMFA and the NMFA shall collect and deposit into the Debt Service Account from the Governmental Unit the Pledged Revenues, in the manner specified herein.

(i) Payment of Interest Component and Administrative Fee Component during Interim Period.

(A) During the Interim Period, the Interest Component and Administrative Fees shall accrue on the amount of Aggregate Repayable Disbursements, from the date of each Disbursement.

(B) During the Interim Period the Governmental Unit shall monthly, commencing on the first day of the month next following the first payment by the NMFA of an Approved Requisition, pay to the NMFA for deposit into the Debt Service Account such amount as is necessary, in monthly installments, to pay the Interest Component and Administrative Fee Component on the Aggregate Repayable Disbursements as of each Loan Agreement Payment Date.

(ii) Loan Agreement Payments Following the Interim Period. After the Interim Period, the Governmental Unit shall pay to the NMFA for deposit into the Debt Service Account the following amounts:

(A) Interest Component and Administrative Fee Component. Monthly, commencing on the first day of the month next following the final Disbursement, the Governmental Unit shall pay to the NMFA for deposit into the Debt Service Account an amount in equal monthly installments which is necessary to pay the first maturing Interest Component and Administrative Fee Component coming due on this Loan Agreement and monthly thereafter, commencing on each Loan Agreement Payment Date, one-sixth (1/6) of the amount necessary to pay the next maturing Interest Component and Administrative Fee Component on this Loan Agreement as described in the Final Loan Agreement Payment Schedule.

(B) Principal Payments. Monthly, commencing on the first day of the month next following the final Disbursement, the Governmental Unit shall pay to the NMFA for deposit into the Debt Service Account an amount in equal monthly installments which is necessary to pay the first maturing Principal Component; and thereafter on the first day of each month thereafter, one-twelfth (1/12) of the amount which is necessary to pay the next maturing Principal Component on this Subordinate Lien Loan Agreement during the Loan Agreement Term, as described in the Final Loan Agreement Payment Schedule.

(iii) Method of Payment. The Governmental Unit shall transfer each month to the NMFA, from Pledged Revenues, the amounts set forth in Subsections (i)(B), (ii)(A) and (ii)(B) of this Section 5.2(a) during the time that this Subordinate Lien Loan Agreement is outstanding, provided, that in the event of any default in making the Loan Agreement Payments by the Governmental Unit, the NMFA shall be entitled to seek payment of the amounts due through any of the remedies provided in Article X of this Subordinate Lien Loan Agreement, but solely from available Pledged Revenues.

(b) In the event that the balance of payments held in the Debt Service Account should exceed the amount needed to cover Loan Agreement Payments then due, the NMFA shall use the balance of the Pledged Revenues received, 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 other 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 NMFA or its designee at the address designated in Section 11.1 of this Subordinate Lien Loan Agreement. 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 NMFA or its designee, 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. Additional Obligations Payable from Pledged Revenues.

(a) Parity Obligations Permitted. No provision of this Subordinate Lien Loan Agreement shall be construed in such a manner as to prevent the issuance by the Governmental Unit of additional Parity Obligations payable from Pledged Revenues, nor to prevent the issuance of bonds or other obligations refunding all or a part of this Subordinate Lien Loan Agreement; provided, however, that before any such additional Parity Obligations are actually issued, the requirements of Section 24.02 of the Master Ordinance must be satisfied and no default shall exist in connection with any covenants or requirements of the Ordinance or this Subordinate Lien Loan Agreement. In making the computations required by this Section and the Master Ordinance, the calculations related to any Variable Rate Bonds shall be in accordance with Section 24.06 of the Master Ordinance. Pursuant to Section 24.02 of the Master Ordinance as supplemented by the Ordinance and this Loan Agreement, Parity Obligations may be issued for the System purposes including, but not limited to, (i) financing the Costs of a Project (as defined in the Master Ordinance); or (ii) providing additional funds for deposit into a Reserve Account or the Replacement Fund and paying the costs incident to the issuance of such Parity Bonds or any combination of the foregoing.

The tests required in this Section shall be performed without adjustment for payments to or withdrawals from the Rate Stabilization Fund or interest accrued (other than amounts representing capitalized interest) in the Acquisition Fund. Except as permitted herein and by Article XXV of the Master Ordinance, prior to the issuance of additional Parity Obligations, the Governmental Unit shall be current in making all deposits required by Article XVIII of the Master Ordinance and Section 5.2 hereof, and the following test shall be satisfied:

(i) A certificate prepared by an Authorized Officer of the Governmental Unit showing that the Pledged Revenues for the Historic Test Period (as defined in the Master Ordinance) were at least equal to 125% of the maximum combined annual Debt Service Requirements for all Outstanding Parity Obligations after the issuance of the proposed Parity Obligations, or

(ii) A certificate prepared by a Consulting Engineer showing that:

(A) The Pledged Revenues for the Historic Test Period were at least equal to 115% of the maximum combined annual Debt Service Requirements for all Outstanding Parity Obligations immediately preceding the issuance of the proposed additional Parity Obligations;

(B) For each Fiscal Year during the period from the date of delivery of such certificate until the latest estimated Completion Date of the Project being financed, the Consulting Engineer estimates that the City will be in compliance with the Rate Covenant (as defined in the Master Ordinance and as supplemented in Section 2.2(a) of this Subordinate Lien Loan Agreement); and

(C) The estimated Pledged Revenues for each of the three Fiscal Years immediately following the latest estimated Completion Date for the specified Project to be financed with proceeds of the proposed additional Parity Obligations, as certified to the Consulting Engineer by an Authorized Officer of the Governmental Unit will be at least equal to 125% of the maximum combined annual Debt Service Requirements for all Outstanding Parity Obligations which will be Outstanding immediately after the issuance of the proposed additional Parity Obligations.

For purposes of subsections (ii)(A) and (B) above, in estimating Pledged Revenues, the Consulting Engineer may take into account (1) reasonable Gross Revenues from specified Projects expected to become available, (2) any increase in fees, rates, charges, rentals or other sources of Gross Revenues which have been approved by the Governmental Unit and will be in effect during the period for which the estimates are provided, and (3) any other increases in Gross Revenues for such period which the Consulting Engineer certifies to be reasonable for purposes of such certificate. With respect to Operation and Maintenance Expenses, the Consulting Engineer shall use such assumptions as the Consulting Engineer believes to be reasonable, and taking into account, (i) historical Operation and Maintenance Expenses, (ii) Operation and Maintenance Expenses associated with the specified Projects and (iii) such other factors, including inflation and changing operations or policies of the Governmental Unit, as the Consulting Engineer believes to be appropriate. The Consulting Engineer shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Pledged Revenues and shall also set forth the calculations of the maximum combined annual Debt Service Requirements, which calculations may be based upon information provided by another Consulting Engineer or Consultant.

For purposes of preparing the certificate or certificates described above, the Consulting Engineer or Consulting Engineers may rely upon financial statements prepared by the Governmental Unit which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized Officer of the Governmental Unit shall certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

(iii) In determining whether additional Parity Obligations may be issued, a written certificate or opinion of a Consulting Engineer in compliance with this Section shall be conclusively presumed to be accurate in determining the right of the Governmental Unit to authorize, issue, sell and deliver the additional Parity Obligations.

(b) Additional Subordinated Obligations Permitted; Additional Parity Obligations Test for Benefit of Subordinate Bonds. Nothing contained in this Loan Agreement shall be construed to prevent the Governmental Unit from issuing additional Subordinated Obligations pursuant to the provisions of Section 24.05 and Section 18.01(d) of the Master Ordinance, as amended, if no default shall exist under this Subordinate Lien Loan Agreement. In making the computations required by this Section and the Master Ordinance, the calculations related to any Variable Rate Bonds shall be in accordance with Section 24.06 of the Master Ordinance. Subordinated Obligations may be issued for System purposes including, but not limited to, (i) financing the Costs of a Project; or (ii) providing additional funds for deposit into a Reserve Account or the Replacement Fund and paying the costs incident to the issuance of such Subordinated Obligations or any combination of the foregoing.

The tests required in this Section and in Section 24.05 of the Master Ordinance shall be performed without adjustment for payments to or withdrawals from the Rate Stabilization Fund or interest accrued (other than amounts representing capitalized interest) in the Acquisition Fund. Except as permitted herein and by Section 5.5 and Article XXV of the Master Ordinance, prior to the issuance of additional Parity Obligations or Subordinated Obligations, the Governmental Unit shall be current in making all deposits required by Article XVIII of the Master Ordinance and Section 5.2 hereof and the following test shall be satisfied:

(i) A certificate prepared by an Authorized Officer of the Governmental Unit showing that the Pledged Revenues for the Historic Test Period were at least equal to 115% of the maximum combined annual Debt Service Requirements for all Outstanding Parity Obligations and Subordinated Obligations after the issuance of the proposed Parity Obligations or Subordinated Obligations, or

(ii) A certificate prepared by a Consulting Engineer showing that:

(A) The Pledged Revenues for the Historic Test Period were at least equal to 100% of the maximum combined annual Debt Service Requirements for all Outstanding Parity Obligations and Subordinated Obligations immediately preceding the issuance of the proposed additional Parity Obligations or Subordinated Obligations;

(B) For each Fiscal Year during the period from the date of delivery of such certificate until the latest estimated Completion Date of the Project being financed, the Consulting Engineer estimates that the Governmental Unit will be in compliance with the Rate Covenant; and

(C) The estimated Pledged Revenues for each of the three Fiscal Years immediately following the latest estimated Completion Date for the specified Project to be financed with the proceeds of the proposed additional Parity Obligations or Subordinated Obligations, as certified to the Consulting Engineer by an Authorized Officer of the Governmental

Unit will be at least equal to 115% of the maximum combined annual Debt Service Requirements for all Outstanding Parity Obligations and Subordinated Obligations which will be Outstanding immediately after the issuance of the proposed additional Parity Obligations or Subordinated Obligations.

For purposes of subsection (b)(i) and (b)(ii) above, in estimating Pledged Revenues, the Consulting Engineer may take into account (1) reasonable Gross Revenues from specified Projects expected to become available, (2) any increase in fees, rates, charges, rentals or other sources of Gross Revenues which have been approved by the Governmental Unit and will be in effect during the period for which the estimates are provided, and (3) any other increases in Gross Revenues for such period which the Consulting Engineer certifies to be reasonable for purposes of such certificate. With respect to Operation and Maintenance Expenses, the Consulting Engineer shall use such assumptions as the Consulting Engineer believes to be reasonable, and taking into account, (i) historical Operation and Maintenance Expenses, (ii) Operation and Maintenance Expenses associated with the specified Projects and (iii) such other factors, including inflation and changing operations or policies of the Governmental Unit, as the Consulting Engineer believes to be appropriate. The Consulting Engineer shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Pledged Revenues and shall also set forth the calculations of the maximum combined annual Debt Service Requirements, which calculations may be based upon information provided by another Consulting Engineer or Consultant.

For purposes of preparing the certificate or certificates described above, the Consulting Engineer or Consulting Engineers may rely upon financial statements prepared by the Governmental Unit which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized Officer of the Governmental Unit shall certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

In determining whether additional Parity Obligations or Subordinated Obligations may be issued pursuant to this Section and Section 24.05 of the Master Ordinance, a written certificate or opinion of a Consulting Engineer shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver the additional Parity Obligations or Subordinated Obligations.

(c) Senior Obligations Prohibited. In accordance with Section 24.04 of the Master Ordinance, the Governmental Unit shall not issue Senior Obligations payable from the Pledged Revenues having a lien on the Pledged Revenues prior and superior to the lien thereon of the Parity Obligations for so long as the Parity Obligations are Outstanding.

Section 5.5 Refunding Obligations Payable from Pledged Revenues. Nothing contained in this Subordinate Lien Loan Agreement shall be construed to prevent the issuance of Refunding Obligations in accordance with Article XXV of the Master Ordinance if no default shall exist under this Subordinate Lien Loan Agreement.

(a) Refunding Obligations Authorized. 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 System Bonds or other outstanding obligations payable from the Pledged Revenues, this Subordinate Lien Loan Agreement, such System Bonds or other obligations, or any part thereof, may be refunded, regardless of whether the priority of the lien for the payment of the refunding System Bonds on the Pledged Revenues is changed, except as provided in Section 24.04 of the Master Ordinance and subsections (b)(c)(and (d) of Article XXV of the Master Ordinance which are recited in subparagraph C of Section 5.4 hereof and in subparagraphs (B,C and D)of this Section 5.5.

(i) Limitations Upon Issuance of Refunding Parity Obligations. No refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued as Parity Obligations unless:

(ii) There is delivered a certificate of an Authorized Officer of the Governmental Unit showing that the combined Debt Service Requirements on all Outstanding Parity Obligations for any Fiscal Year after the issuance of refunding Parity Obligations will not exceed the combined Debt Service Requirements for such Fiscal Year on all Outstanding Parity Obligations authorized prior to the issuance of such refunding Parity Obligations by more than ten percent (10%) in any such Fiscal Year, and the Governmental Unit is in current compliance with the Rate Covenant; or

(iii) The refunding Parity Obligations are issued in compliance with Section 5.4A and Section 5.4Bof this Loan Agreement which recite Sections 24.02 and 24.05 of the Master Ordinance.

(b) Limitations Upon Issuance of Refunding Subordinated Obligations. No refunding bonds or other refunding obligations shall be issued as Subordinated Obligations unless:

(i) There is delivered a certificate of the Authorized Officer of the Governmental Unit showing that the combined Debt Service Requirements on all Outstanding Parity Obligations and Subordinated Obligations for any Fiscal Year after the issuance of refunding Subordinated Obligations will not exceed the combined Debt Service Requirements for such Fiscal Year on all Outstanding Parity Obligations and Subordinated Obligations authorized prior to the issuance of such refunding Subordinated Obligations by more than ten percent (10%) in any such Fiscal Year, and the Governmental Unit is in current compliance with the Rate Covenant, or

(ii) The refunding Subordinated Obligations are issued in compliance with Section 5.4 hereof which recites Section 24.05 of the Master Ordinance.

(c) Limitation Upon Issuance of Any Refunding System Bonds. Any refunding System Bonds shall be issued with such details as the City Council of the Governmental Unit may provide by appropriate proceedings but without impairment of any contractual obligation imposed upon the Governmental Unit by any proceedings authorizing the issuance of any unrefunded portion of the series of System Bonds or other obligations payable from Pledged Revenues to which the refunding was applicable.

Section 5.6 Investment of Governmental Unit Funds. Money on deposit in the Debt Service Account created hereunder may be invested by the NMFA or its designee in Permitted Investments at the written direction of the Governmental Unit or, in the absence of such written direction of the Governmental Unit, at the discretion of the NMFA. Any earnings on Permitted Investments shall be held and administered in the Debt Service Account and utilized in the same manner as the other moneys on deposit therein for the benefit of the Governmental Unit.

Section 5.7 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 Conduct, Acquire and Complete the Project. The Governmental Unit hereby agrees that in order to effectuate the purposes of this Loan Agreement and to effectuate the acquisition, conduction 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 conduct, acquire and complete the Project.

The Governmental Unit agrees to conduct, acquire and complete the Project through the application of moneys to be disbursed by the NMFA pursuant to Section 6.2 of this Subordinate Lien Loan Agreement.

Section 6.2 Disbursements. So long as no Event of Default shall occur and the requirements of Section 4.2 are satisfied, the NMFA or its designee shall disburse moneys to pay a requisition upon receipt and approval by the NMFA or its designee of a requisition substantially in the form of Exhibit "C" attached hereto signed by an Authorized Officer of the Governmental Unit, with required supporting documentation.

Section 6.3 Completion of the Project. Upon completion of the Project, which shall occur no later than two (2) years after the Closing Date, unless a later date is approved as provided in Section 4.1(b) of this Subordinate Lien Loan Agreement, an Authorized Officer of the Governmental Unit shall deliver a certificate to the NMFA, substantially in the form of Exhibit "D" attached hereto, stating that, to his or her knowledge, the Project has been completed and the Project has been accepted by the Governmental Unit, and all costs have been paid, except for any reimbursements requested pursuant to requisitions submitted prior to the end of the Interim Period. 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 Unrequisitioned Amounts. In the event that, (1) at the time of the delivery of the certificate of completion required by Section 6.3 hereof, there remains an Unrequisitioned Principal Amount, or (2) the NMFA shall not have received a Final Requisition, by the date that is twenty seven (27) months from the Closing Date, unless an extension is approved pursuant to Section 4.1(b) of this Subordinate Lien Loan Agreement, then the Governmental Unit shall have no right or title to the Unrequisitioned Principal Amount, nor any right to pledge, encumber or draw upon such Unrequisitioned Principal Amount, and the NMFA will not approve, honor, or enforce any requisition upon such Unrequisitioned Principal Amount pursuant to this Subordinate Lien Loan Agreement.

ARTICLE VII

COMPLIANCE WITH LAWS AND RULES; OTHER COVENANTS

Section 7.1 Further Assurances and Corrective Instruments. The NMFA 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. Authorized Officers are authorized to execute, acknowledge and deliver any such supplements and further instruments.

Section 7.2 NMFA and Governmental Unit Representatives. Whenever under the provisions hereof the approval of the NMFA or the Governmental Unit is required, or the Governmental Unit 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 Governmental Unit by an Authorized Officer of the NMFA or the Governmental Unit, as the case may be, and any party hereto shall be authorized to rely and act on any such approval or request.

Section 7.3 Compliance with Court Orders. During the Loan Agreement Term, the Governmental Unit and the NMFA 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 Compliance with Applicable State and Federal Laws. During the Loan Agreement Term, the Governmental Unit shall comply with all applicable ordinances, resolutions, and regulations of the Governmental Unit and all applicable State and federal laws, including, without limitation, the following:

(a) For all contracts, the Governmental Unit shall comply with the New Mexico Procurement Code, NMSA 1978, §§ 13-1-28 through 13-1-199, as amended, or its local procurement ordinances and regulations, as applicable.

(b) For all contracts awarded for construction or repair, the Governmental Unit shall comply with the Copeland "Anti-Kickback" Act (18 U.S.C. § 874) as supplemented in Department of Labor regulations (29 C.F.R. part 3).

(c) For all construction subcontracts, and subgrants of amounts in excess of $100,000, the Governmental Unit shall comply with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. § 7606), Section 508 of the Clean Water Act (33 U.S.C. § 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 C.F.R. Part 15). In addition, for all contracts, the Contractor shall comply with all applicable State laws and regulations and with all executive orders of the Governor of the State pertaining to protection of the environment.

(d) For all contracts the Governmental Unit shall comply with the mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with section 362 of the Energy Policy and Conservation Act (42 U.S.C. § 6322).

(e) For all contracts, including subcontracts in excess of $2,000 the Governmental Unit shall comply with applicable standards of the Davis-Bacon Wage Act (40 U.S.C. § 3141 et seq.), as amended and supplemented, relating to wages paid to laborers and mechanics employed by contractors and sub-contractors on a Project funded directly by or assisted in whole or in part by and through the Governmental Unit, and the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C.300j-9(e)), and shall include the contract clauses set out in the Environmental Protection Agency publication entitled "Wage Rate Requirements Under the Clean Water Act, Section 513 and the Safe Drinking Water Act Section 1450(e)".

(f) For all contracts, the Governmental Unit shall apply the six good faith efforts pursuant to 40 C.F.R. Section 33.301 when procuring construction, equipment, services and supplies with funds under this Loan Agreement.

(g) For all contracts, the Governmental Unit shall comply with the requirements of Executive Order 13502 on Use of Project Agreements for Federal Construction Projects.

(h) For all contracts, the Governmental Unit shall comply with the requirements of the Federal Funding Accountability and Transparence Act (FFATA).

(i) For all contracts, the Governmental Unit shall comply with the requirements of Executive Order 13627 on Strengthening Protections Against Trafficking in Persons in Federal Contracts.

(j) For all contracts, the Governmental Unit shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, 2014 Consolidated Appropriations Act, Section 436 and related SRF Policy Guidelines) which the Governmental Unit understands includes, among other, requirements that all of the iron and steel products used in the Project are to be produced in the United States ("American Iron and Steel Requirement") unless

(i) the Governmental Unit has requested and obtained a waiver from the NMFA pertaining to the Project or (ii) the NMFA has otherwise advised the Governmental Unit in writing that the American Iron and Steel Requirement is not applicable to the Project.

(k) For all contracts, the Governmental Unit shall comply with the requirements of the Build America, Buy America Act (BABA) included in the BIL, in Sections 70901 through 70927, 2 BABA 70912 and 70914, 3 87 FR 23888 and 2 CFR part 184, in all subawards, contracts, and purchase orders for the work performed, or products supplied under this Loan Agreement. Under the BABA, the Governmental Unit is obligated to use United States produced iron, steel, manufactured products and construction materials for the Project with the funds available under this Loan Agreement unless the Governmental Unit believes a waiver is justified and NMFA finds that a waiver shall apply consistent with such Federal law.

(l) For all contracts, the Governmental Unit shall comply with all record keeping and reporting requirements under the Clean Water Act/Safe Drinking Water Act, including any reports required by a Federal agency or the NMFA such as performance indicators of program deliverables, information on costs and project progress. The Governmental Unit understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Clean Water Act/Safe Drinking Water Act and this Subordinate Lien Loan Agreement may be a default under this Subordinate Lien Loan Agreement.

(m) For all contracts, the Governmental Unit shall comply with the administration of the Clean Air Act and the Federal Water Pollution Control Act, including Section 306 of the Clean Air Act, 42 U.S.C. 7606 et seq, Section 508 of the Clean Water Act, 33 U.S.C. 1368, et seq. and Executive Order 11738

(n) For all contracts, the Governmental Unit shall comply with Executive Order 12549 – Debarment and Suspension and all rules, regulations and guidelines issued pursuant to Executive Order 12549, including compliance with the requirement that each prospective participant in transactions related to the Loan execute a written certification that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in transactions related to the Loan.

(o) The Governmental Unit shall comply with the requirement of the June 3, 2015, Guidelines for Enhancing Public Awareness of SRF Assistance Agreements issued by the Environmental Protection Agency relating to signage, posters, advertisements, website or press releases indicating that financial assistance was received from the Environmental Protection Agency for the Project.

(p) The Governmental Unit acknowledges that it is subject to the terms of the Environmental Protection Agency Memorandum titled “Prohibition on Certain Telecommunication and Video Surveillance Services or Equipment in the SRF Programs” dated December 11, 2020. The Governmental Unit shall comply with 2 CFR 200.216 and Section 889 of Public Law 115-232 and shall not use loan or subsidy funds to obtain or enter into a contract to obtain covered telecommunications equipment produced or provided by companies listed in the system for Award Management exclusion list at SAM.gov. The exclusion list includes, but is not limited to, Huawei Technologies Company or ZTE Corporation, or any subsidiary or affiliate of such entities.

(q) The Governmental Unit agrees to comply with all applicable New Mexico State cybersecurity laws and requirements and ensure that any connections between the Governmental Unit's network or information system and Environmental Protection Agency networks used by the recipient to transfer data under this Subordinate Lien Loan Agreement, if any, are secure. If a connection does not go through the Environmental Information Exchange Network or Environmental Protection Agency's Central Data Exchange, the Governmental Unit agrees to contact the Environmental Protection Agency Project Officer (PO) and work with the designated Environmental Protection Agency Regional/Headquarters Information Security Officer to ensure that the connections meet Environmental Protection Agency security requirements, including entering into Interconnection Service Agreements as appropriate. This condition does not apply to manual entry of data by the Governmental Unit into systems operated and used by Environmental Protection Agency's regulatory programs for the submission of reporting and/or compliance data. The Governmental Unit is subject to monitoring as deemed necessary by the NMFA or the State of New Mexico under 2 CFR 200.331. In regard to this section a "connection" is defined as a dedicated persistent interface between an Agency IT system and an external IT system for the purpose of transferring information. Transitory, user-controlled connections such as website browsing are excluded from this definition.

(r) If the Governmental Unit gathers geospatial data, as defined in 43 U.S.C. §2801(2018), during the life of the Project, the data must be consistent with the Federal Geographic Data Committee endorsed standards.

(s) In accordance with the EPA "Signage Requirement" guidelines, the Governmental Unit will place a sign and will maintain such sign in good condition throughout the construction period, at a visible location in the construction site that displays the EPA's agency emblem and identify the project as a "project funding by U.S. Environmental Protection Agency" as long as placing such sign is practically and financially viable and does not result in excessive cost to the Governmental Unit.

(t) The Governmental Unit, as well as any contractors and subcontractors working with the Governmental Unit in this Project, shall comply with all State laws and regulations pertaining to equal employment opportunity and all federal anti-discrimination law requirements, pursuant to 40 C.F.R. 35.3575(a)(c), including Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d, et seq., including provisions protecting free speech, religious liberty, public welfare and the environment pursuant to 2 C.F.R. 200.300(a), as well as regulations, including 2 C.F.R. 200.300(b),40 C.F.R. Part 5, EPA's regulations 40 CFR §7.30 and 40 CFR §7.35, Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, et seq., and the Age Discrimination Act of 1975, 42 U.S.C. §6102 which laws prohibit discrimination in the provision of services or benefits on the basis of race, color, national origin, sex, disability or age in programs or activities receiving federal assistance. However, the Governmental Unit shall not be required to take any action in accordance with the foregoing provisions that would, in the exercise of the Governmental Unit's good-faith and reasonable discretion, require the Governmental Unit to violate Executive Orders of the President of the United States of America or the Governor of New Mexico that are in effect and binding on the Governmental Unit throughout the Project period, nor shall the Governmental Unit be required to take any action contrary to an order or decision of a court having jurisdiction over any Executive Order of the President of the United States of America or any Executive Order of the Governor of the State.

The NMFA or its designee shall have the right to review all contracts, work orders and other documentation related to the Project that it deems necessary to assure compliance with applicable laws, rules and regulations, and may conduct such review as it deems appropriate prior to disbursing funds for payment of an Approved Requisition.

Section 7.5 Lien Status. The Loan Agreement Payments constitute an irrevocable subordinate lien (but not necessarily an exclusive subordinate lien) upon the Pledged Revenues with a lien thereon on a parity with the Subordinated Obligations. The Governmental Unit covenants that the Loan Agreement Payments and any Subordinated Obligations herein authorized to be issued and from time to time outstanding shall be equitably and ratably secured by a subordinate 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 Subordinated Obligations regardless of the fact that they may be actually issued and delivered at different times.

Section 7.6 Expeditious Completion. The Governmental Unit shall complete the Project with all practical dispatch.

ARTICLE VIII

PREPAYMENT OF SUBORDINATE LIEN LOAN AGREEMENT PAYMENTS

The Governmental Unit is hereby granted the option to prepay the Principal Component of this Subordinate Lien Loan Agreement in whole or in part on any day without penalty or prepayment premium, beginning one (1) year after the Closing Date. The Governmental Unit may designate the due date or due dates of the Principal Component or portions thereof being prepaid in the event of a partial prepayment. Any such prepayment shall include accrued interest to the redemption date of the corresponding Bonds to be redeemed, if any, and notice of intent to make such prepayment shall be provided to the NMFA or its designee by the Governmental Unit no less than forty-five (45) days prior to the prepayment date. The NMFA or its designee shall recalculate the Loan Agreement Payments due under this Subordinate Lien 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.

ARTICLE IX

INDEMNIFICATION

From and to the extent of the available Pledged Revenues and to the extent permitted by law, the Governmental Unit shall and hereby agrees to indemnify and save the NMFA and its designee, if any, 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 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 of the Subordinate Lien Loan Agreement proceeds. The Governmental Unit shall indemnify and save the NMFA and its designee, if any, harmless, from and to the extent of the available Pledged Revenues and to the extent permitted by 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 or its designee, shall defend the NMFA or its designee, if any, 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 Subordinate Lien Loan Agreement:

(a) Failure by the Governmental Unit to pay any amount required to be paid under this Subordinate Lien Loan Agreement on the date on which it is due and payable; or

(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 Subordinate Lien 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 NMFA or its designee, if any, unless the NMFA or its designee, as applicable, 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 NMFA or its designee but cannot be cured within the applicable thirty (30) day period, the NMFA or its designee will not unreasonably withhold its 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); or

(c) Any warranty, representation or other statement by or on behalf of the Governmental Unit contained in this Subordinate Lien Loan Agreement or in any instrument furnished in compliance with or in reference to this Subordinate Lien Loan Agreement is false or misleading in any adverse material respect; or

(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 NMFA shall have the right to intervene in the proceedings to protect the NMFA's interests; or

(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 NMFA shall have the right to intervene in the proceedings to protect its 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 NMFA 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 Subordinate Lien Loan Agreement:

(a) By mandamus or other action or proceeding or suit at law or in equity to enforce the rights of the NMFA under this Subordinate Lien Loan 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 enjoin any acts or things which are unlawful or violate the rights of the NMFA; or

(c) Intervene in judicial proceedings that affect this Subordinate Lien 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 and Aggregate Disbursements; 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 Subordinate Lien Loan Agreement or enforce any other of its rights thereunder.

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 of this Subordinate Lien Loan Agreement, no remedy herein conferred upon or reserved to the NMFA 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 NMFA 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 NMFA may in its discretion waive any Event of Default hereunder and the consequences of an Event of Default by written waiver; provided, however, that there shall not be waived (i) any Event of Default in the payment of principal of this Subordinate Lien Loan Agreement at the date when due as specified in this Subordinate Lien Loan Agreement, or (ii) any default in the payment when due of the interest on this Subordinate Lien Loan Agreement, unless prior to such waiver or rescission, all arrears of interest, with interest at the rate borne by this Subordinate Lien Loan Agreement on all arrears of payment of principal and all expenses of the NMFA, in connection with such Event of Default shall have been paid or provided for. Such waiver shall be effective only if made by written statement of waiver issued by the NMFA. In case of any such waiver or rescission, or in case any proceeding taken by the NMFA on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case, the NMFA 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 Related to Defaults. In the event that the Governmental Unit should default under any of the provisions hereof and the NMFA employs attorneys or incurs 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 contained in this Subordinate Lien Loan Agreement, the Governmental Unit 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 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, then to:

City of Las Cruces
Attn: Treasurer
700 N Main Street
Las Cruces, New Mexico 88001

If to the NMFA, then to:

New Mexico Finance Authority
Attention: Chief Executive Officer
810 W. San Mateo Road
Santa Fe, New Mexico 87505

And if to NMFA's designated servicing agent for this Subordinate Lien Loan Agreement, if any, at the address to be provided by the servicing agent. The Governmental Unit and the NMFA 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 Subordinate Lien Loan Agreement shall inure to the benefit of and shall be binding upon the NMFA, the Governmental Unit and their respective successors and assigns, if any.

Section 11.3 Master Ordinance. It is the intent and understanding of the parties that this Loan Agreement shall be, and is, consistent with the substantive terms and parameters established for the issuance of such obligations by the Master Ordinance. The Ordinance authorizing this Loan Agreement is a Supplemental Ordinance authorized by and adopted pursuant to the Master Ordinance to (A) authorize the execution and delivery of this Loan Agreement, and (B) amend the Master Ordinance to cure an ambiguity, and to cure, correct and supplement a defect in the Master Ordinance to (1) authorize System Bonds in the form of loan agreements and/or notes or any other form of revenue bond obligation under the Act with the form of such loan agreement and/or note or debt obligation to be approved by the Council with the adoption of the Supplemental Ordinance authorizing the System Bond; and (2) to provide a definition for Subordinated Bonds issued with a lower lien priority with respect to other Subordinated Bonds as provided in Section 18.05 of the Master Ordinance and to provide additional provisions related to such obligations.

Section 11.4 Amendments. This Subordinate Lien Loan Agreement may be amended only with the written consent of the NMFA and the Governmental Unit, except as provided in

Section 4.1(b) of this Subordinate Lien Loan Agreement. The consent of the NMFA for amendments not affecting the terms of payment of the loan component of this Subordinate Lien Loan 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 Subordinate Lien Loan Agreement, unless such change results in a decrease in the payment amount of the loan component.

Section 11.5 No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this Subordinate Lien Loan Agreement shall be had against any member, employee, director or officer, as such, past, present or future, of the NMFA, either directly or through the NMFA or against any officer, employee, director 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 or member of the Governing Body or of the NMFA is hereby expressly waived and released by the Governmental Unit and by the NMFA as a condition of and in consideration for the execution of this Subordinate Lien Loan Agreement.

Section 11.6 Severability. In the event that any provision of this Subordinate Lien 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 11.7 Execution in Counterparts. This Subordinate Lien 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 11.8 Assignment by the NMFA. This Subordinate Lien Loan Agreement (except as to the Administrative Fee) may be assigned and transferred by the NMFA to a trustee, which right to assign and transfer is hereby acknowledged and approved by the Governmental Unit.

Section 11.9 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 Subordinate Lien 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 11.10 Applicable Law. This Subordinate Lien Loan Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.11 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 Subordinate Lien Loan Agreement.

IN WITNESS WHEREOF, the NMFA, on behalf of itself has executed this Subordinate Lien Loan Agreement, which was approved by the NMFA's Board of Directors on March 27, 2025, in its corporate name by its duly authorized officers; and the Governmental Unit has caused this Subordinate Lien Loan Agreement to be executed in its corporate name and the seal of the Governmental Unit affixed hereto and attested by duly authorized officers. All of the above are effective as of the date first above written.

NEW MEXICO FINANCE AUTHORITY

By Marquita R Russel

Marquita D. Russel, Chief Executive Officer

Prepared for Execution by Officers of the NMFA:

VIRTUE & NAJJAR, PC
As Loan Counsel to the NMFA

By Richard L. C. Virtue

Richard L. C. Virtue

Approved for Execution by Officers of the NMFA:

By Mark Chaiken

Mark Chaiken, General Counsel

CITY OF LAS CRUCES,
DOÑA ANA COUNTY, NEW MEXICO

By______________________
Eric Enriquez, Mayor

[SEAL]

ATTEST:

By______________________
Christine Rivera, City Clerk

EXHIBIT "A"

TERM SHEET

LOAN NO. DW-6674
TO THE CITY OF LAS CRUCES, DOÑA ANA COUNTY, NEW MEXICO

Governmental Unit:	City of Las Cruces, New Mexico.
Project Description:	Financing the costs to conduct a lead service line replacement project and associated activities directly connected to planning, designing and replacing of lead service lines, including an inventory/survey to determine if lead exists in the Governmental Unit's water utility system lines and shall include drinking water facility construction project work and revisions necessary to complete the Project and such other related work and revisions necessary to complete the Project.
Pledged Revenues:	Net Revenues of the System.
Currently Outstanding Parity Obligations:	City of Las Cruces Joint Utility System Improvement Revenue Bonds, Series 2014B; City of Las Cruces Joint Utility System Refunding and Improvement Revenue Bonds, Series 2015; City of Las Cruces Joint Utility System Improvement Revenue Bonds, Series 2015A; City of Las Cruces Joint Utility System Improvement Revenue Bonds, Series 2016; City of Las Cruces Joint Utility System Improvement Revenue Bonds, Series 2017 (PPRF-4222); City of Las Cruces Joint Utility System Improvement and Refunding Revenue Bonds Series 2020; and City of Las Cruces Joint Utility System Improvement Revenue Bonds, Series 2020A (PPRF-5236).

Currently Outstanding Subordinated Obligations on Parity with this Loan Agreement:	City of Las Cruces Subordinate Lien Joint Utility System Refunding Revenue Bonds, Series 2018; City of Las Cruces Subordinate Lien Joint Utility System Improvement Revenue Bonds, Series 2020B (PPRF-5237); 2023 Subordinate Lien Clean Water State Revolving Fund Loan Agreement and Note between the City and the New Mexico Environment Department and City of Las Cruces Drinking Water State Revolving Loan Fund Subordinate Lien Loan and Subsidy Agreement 2024 (DW-6255).
Currently Outstanding Super Subordinated Obligations:	City of Las Cruces Water Project Fund Loan/Grant Agreement (WPF-6289)
Authorizing Legislation:	Governmental Unit Council Bill No. 26-005; Ordinance No. 3097 adopted on October 6, 2025.
Closing Date:	November 14, 2025
Interest Rate:	0.250% (which includes the Administrative Fee)

Total Funding (Maximum Principal Amount):		$15,000,000.00
Program Fund:	$15,000,000.00	
Cost of Issuance:	$ 0.00	

Total Repayable (Maximum Repayable Principal Amount):		$3,750,000.00
Repayable Project Fund:	$3,750,000.00	
Repayable Cost of Issuance:	$ 0.00	
Total Forgiven (Maximum Forgiven Principal Amount):		$11,250,000.00
Project Subsidy Fund:	$11,250,000.00	
Subsidy Cost of Issuance:	$ 0.00	
Total Funding (Maximum Principal Amount):	$15,000,000.00	
Forgiven Percent:	75%	
Disadvantaged Status:	Severely Disadvantaged	
First Interest Payment Date:	May 1, 2026	

First Principal and Interest Payment Date:	May 1, 2028
First Debt Service Interest Payment Date:	May 1, 2026
Final Payment Date:	May 1, 2047

EXHIBIT "B"

LOAN AGREEMENT PAYMENT SCHEDULE

[SEE ATTACHED]

SOURCES AND USES OF FUNDS

City of Las Cruces
BIL Lead Service Line Replacement

Sources:	
Bond Proceeds:	
Par Amount	3,750,000.00
Other Sources of Funds:	
DWSRLF Loan Principal Forgiveness	11,250,000.00
	15,000,000.00
Uses:	
Project Fund Deposits:	
Project Fund	15,000,000.00
	15,000,000.00

BOND SUMMARY STATISTICS

City of Las Cruces
BIL Lead Service Line Replacement

Dated Date	11/14/2025
Delivery Date	11/14/2025
Last Maturity	05/01/2047
Arbitrage Yield	0.249873%
True Interest Cost (TIC)	0.249873%
Net Interest Cost (NIC)	0.250000%
All-In TIC	0.249873%
Average Coupon	0.250000%
Average Life (years)	12.047
Duration of Issue (years)	11.841
Par Amount	3,750,000.00
Bond Proceeds	3,750,000.00
Total Interest	112,939.80
Net Interest	112,939.80
Total Debt Service	3,862,939.80
Maximum Annual Debt Service	206,184.96
Average Annual Debt Service	179,973.90
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	***Par Value***	***Price***	***Average Coupon***	***Average Life***
Bond Component	3,750,000.00	100.000	0.250%	12.047
	3,750,000.00			12.047

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,750,000.00	3,750,000.00	3,750,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense			
- Other Amounts			
Target Value	3,750,000.00	3,750,000.00	3,750,000.00
Target Date	11/14/2025	11/14/2025	11/14/2025
Yield	0.249873%	0.249873%	0.249873%

DETAILED BOND DEBT SERVICE

City of Las Cruces
BIL Lead Service Line Replacement

Bond Component (BOND)

Period Ending	Principal	Coupon	Interest	Debt Service
05/01/2028	183,086	0.250%	23,098.96	206,184.96
05/01/2029	183,543	0.250%	8,917.28	192,460.28
05/01/2030	184,002	0.250%	8,458.42	192,460.42
05/01/2031	184,462	0.250%	7,998.42	192,460.42
05/01/2032	184,924	0.250%	7,537.26	192,461.26
05/01/2033	185,386	0.250%	7,074.96	192,460.96
05/01/2034	185,849	0.250%	6,611.50	192,460.50
05/01/2035	186,314	0.250%	6,146.88	192,460.88
05/01/2036	186,780	0.250%	5,681.08	192,461.08
05/01/2037	187,247	0.250%	5,214.14	192,461.14
05/01/2038	187,715	0.250%	4,746.02	192,461.02
05/01/2039	188,184	0.250%	4,276.74	192,460.74
05/01/2040	188,654	0.250%	3,806.28	192,460.28
05/01/2041	189,126	0.250%	3,334.64	192,460.64
05/01/2042	189,599	0.250%	2,861.82	192,460.82
05/01/2043	190,073	0.250%	2,387.82	192,460.82
05/01/2044	190,548	0.250%	1,912.64	192,460.64
05/01/2045	191,025	0.250%	1,436.28	192,461.28
05/01/2046	191,502	0.250%	958.70	192,460.70
05/01/2047	191,981	0.250%	479.96	192,460.96
	3,750,000		112,939.80	3,862,939.80

DETAILED BOND DEBT SERVICE

City of Las Cruces
BIL Lead Service Line Replacement

Bond Component (BOND)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/01/2028	183,086	0.250%	23,098.96	206,184.96	206,184.96
11/01/2028			4,458.64	4,458.64	
05/01/2029	183,543	0.250%	4,458.64	188,001.64	192,460.28
11/01/2029			4,229.21	4,229.21	
05/01/2030	184,002	0.250%	4,229.21	188,231.21	192,460.42
11/01/2030			3,999.21	3,999.21	
05/01/2031	184,462	0.250%	3,999.21	188,461.21	192,460.42
11/01/2031			3,768.63	3,768.63	
05/01/2032	184,924	0.250%	3,768.63	188,692.63	192,461.26
11/01/2032			3,537.48	3,537.48	
05/01/2033	185,386	0.250%	3,537.48	188,923.48	192,460.96
11/01/2033			3,305.75	3,305.75	
05/01/2034	185,849	0.250%	3,305.75	189,154.75	192,460.50
11/01/2034			3,073.44	3,073.44	
05/01/2035	186,314	0.250%	3,073.44	189,387.44	192,460.88
11/01/2035			2,840.54	2,840.54	
05/01/2036	186,780	0.250%	2,840.54	189,620.54	192,461.08
11/01/2036			2,607.07	2,607.07	
05/01/2037	187,247	0.250%	2,607.07	189,854.07	192,461.14
11/01/2037			2,373.01	2,373.01	
05/01/2038	187,715	0.250%	2,373.01	190,088.01	192,461.02
11/01/2038			2,138.37	2,138.37	
05/01/2039	188,184	0.250%	2,138.37	190,322.37	192,460.74
11/01/2039			1,903.14	1,903.14	
05/01/2040	188,654	0.250%	1,903.14	190,557.14	192,460.28
11/01/2040			1,667.32	1,667.32	
05/01/2041	189,126	0.250%	1,667.32	190,793.32	192,460.64
11/01/2041			1,430.91	1,430.91	
05/01/2042	189,599	0.250%	1,430.91	191,029.91	192,460.82
11/01/2042			1,193.91	1,193.91	
05/01/2043	190,073	0.250%	1,193.91	191,266.91	192,460.82
11/01/2043			956.32	956.32	
05/01/2044	190,548	0.250%	956.32	191,504.32	192,460.64
11/01/2044			718.14	718.14	
05/01/2045	191,025	0.250%	718.14	191,743.14	192,461.28
11/01/2045			479.35	479.35	
05/01/2046	191,502	0.250%	479.35	191,981.35	192,460.70
11/01/2046			239.98	239.98	
05/01/2047	191,981	0.250%	239.98	192,220.98	192,460.96
	3,750,000		112,939.80	3,862,939.80	3,862,939.80

BOND SOLUTION

City of Las Cruces
BIL Lead Service Line Replacement

Period Ending	Proposed Principal	Proposed Debt Service	Existing Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Service Coverage
05/01/2026			3,116,007	3,116,007	13,430,452	10,314,445	431.01%
05/01/2027			3,576,356	3,576,356	13,430,452	9,854,096	375.53%
05/01/2028	183,086	206,185	3,777,042	3,983,227	13,430,452	9,447,225	337.18%
05/01/2029	183,543	192,460	3,656,791	3,849,251	13,430,452	9,581,200	348.91%
05/01/2030	184,002	192,460	3,793,990	3,986,451	13,430,452	9,444,001	336.90%
05/01/2031	184,462	192,460	3,998,491	4,190,952	13,430,452	9,239,500	320.46%
05/01/2032	184,924	192,461	4,117,242	4,309,704	13,430,452	9,120,748	311.63%
05/01/2033	185,386	192,461	4,218,191	4,410,652	13,430,452	9,019,799	304.50%
05/01/2034	185,849	192,461	4,326,792	4,519,252	13,430,452	8,911,199	297.18%
05/01/2035	186,314	192,461	4,387,686	4,580,147	13,430,452	8,850,305	293.23%
05/01/2036	186,780	192,461	4,447,186	4,639,647	13,430,452	8,790,805	289.47%
05/01/2037	187,247	192,461	4,520,036	4,712,497	13,430,452	8,717,955	285.00%
05/01/2038	187,715	192,461	4,580,236	4,772,697	13,430,452	8,657,755	281.40%
05/01/2039	188,184	192,461	2,442,285	2,634,746	13,430,452	10,795,706	509.74%
05/01/2040	188,654	192,460	2,471,135	2,663,595	13,430,452	10,766,857	504.22%
05/01/2041	189,126	192,461	2,493,485	2,685,946	13,430,452	10,744,506	500.03%
05/01/2042	189,599	192,461	1,669,486	1,861,947	13,430,452	11,568,505	721.31%
05/01/2043	190,073	192,461	1,669,486	1,861,947	13,430,452	11,568,505	721.31%
05/01/2044	190,548	192,461	1,669,486	1,861,946	13,430,452	11,568,505	721.31%
05/01/2045	191,025	192,461	1,669,463	1,861,924	13,430,452	11,568,528	721.32%
05/01/2046	191,502	192,461	822,755	1,015,216	13,430,452	12,415,236	1,322.92%
05/01/2047	191,981	192,461	192,461	384,922	13,430,452	13,045,530	3,489.14%
	3,750,000	3,862,940	67,616,088	71,479,028	295,469,937	223,990,909	

<u>EXHIBIT "C"</u>

FORM OF REQUISITION

RE: $15,000,000 Subordinate Lien Loan Agreement by and between the NMFA and the City of Las Cruces, New Mexico (the "Loan Agreement")

TO: DW@nmfa.net
New Mexico Finance Authority
810 W. San Mateo Road
Santa Fe, New Mexico 87505
Attn: Drinking Water

LOAN NO. DW-6674 CLOSING DATE: November 14, 2025

You are hereby authorized to disburse to the City of Las Cruces, New Mexico or its payee with regard to the above-referenced Loan Agreement the following:

REQUISITION NUMBER:		☐ Interim Request ☐ Final Request
AMOUNT OF PAYMENT:	$	

For Period (work encumbered) ________________ to ____________________

PURPOSE OF PAYMENT: ____
____
____
____

☐ This is a request of REIMBURSEMENT of incurred and paid project expenses. (Attach proof of payment, e.g. check stubs, and corresponding invoices)

☐ This is a request of DIRECT PAYMENT to vendor or service provider of incurred project expenses. (Attach invoices)

<u>PAYEE INFORMATION</u>

NAME:	
CONTACT NAME:	
ADDRESS:	
PHONE NUMBER:	
FAX NUMBER:	
E-MAIL ADDRESS:	

WIRING INFORMATION

BANK NAME:	
ACCOUNT NUMBER:	
ROUTING NUMBER:	

☐ Check here if bank account information is new or has changed.

☐ Check here if bank account information is still current.

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 for requisition and payment.

Each obligation, item of cost or expense mentioned herein is not for costs related to the purchase of land or easement.

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 understands its obligation to complete the acquisition and installation of the Project and shall complete the acquisition and installation of the Project from other legally available funds.

Capitalized terms used herein, are used as defined or used in the Subordinate Lien Loan Agreement.

DATED:__________________ By:____
Authorized Officer

____
(Print name and title)

EXHIBIT "D"

FORM OF CERTIFICATE OF COMPLETION

RE: $15,000,000 Subordinate Lien Loan Agreement by and between the NMFA and the City of Las Cruces, New Mexico (the "Loan Agreement")

Loan No. DW-6674

Closing Date: November 14, 2025

TO: NEW MEXICO FINANCE AUTHORITY

I, ________________________________, the ______________________________ of the
Name Title or position

City of Las Cruces, hereby certify as follows:

1. The project described in the Subordinate Lien Loan Agreement (the "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 was $ _____________.

4. The portion of the Maximum Principal Amount unexpended for the Project is $ ___________.

5. The Project was completed and is and shall be used consistent with and subject to the covenants set forth in the Subordinate Lien Loan 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: ____________________________________

Attachment "D"

Invoice No. FY26 FPF Grant Dist.

Michelle Lujan Grisham
Governor

Major General Miguel Aguilar
Cabinet Secretary

Regina Chacon
Deputy Cabinet Secretary

Ali Rye
State Director

Randy Varela
State Fire Marshal

**DEPARTMENT OF HOMELAND SECURITY
AND EMERGENCY MANAGEMENT**

Tuesday, October 28, 2025

Treasurer:
Las Cruces
1670 S Valley Dr PO Box 20000
Las Cruces, NM 88004

Remit to:
City of Las Cruces
PO Box 20000
Las Cruces, NM 88004

Reference: FY 2026 New Mexico Fire Protection Grant Council Notification
Dear Chief:

Congratulations! Your grant application on behalf of Las Cruces has been reviewed and an award has been granted.

Over 147 grant applications were submitted and over 60 million in needs were considered. The Fire Department has met the minimum requirements and is clearly addressing a critical need affecting the ISO fire protection classification. The equipment purchased with this grant shall meet the requirements of the latest Editions of NFPA.

A voucher or ACH deposit, in the amount of $400,000.00 for the purchase of the approved project request, will be sent to your local governing body Treasurer, to include $0.00 for Stipends after approval by this office of the submitted project specifications.

The deadline to encumber the money by contract with the vendor is May 31, 2026 If the bid amount exceeds the awarded amount plus the required matching amount, the additional cost shall be the responsibility of the local government. If the specified equipment may be purchased for less than the grant amount, the remaining money shall be returned to the grant fund. All equipment purchased with grant funds must be inspected by this office upon receipt and the attached Project Close-Out Checklist completed and submitted immediately thereafter.

Failure to meet deadlines will result in the loss of funds. If you need additional time to complete your project, your request for an extension must be made in writing, explaining the need for additional time.

P.O. Box 27111 • Santa Fe • New Mexico • 87502
Office: 505-476-9600 • Fax: 505-476-9650

Attachment "D"

Invoice No. FY26 FPF Grant Dist.

Michelle Lujan Grisham
Governor

Major General Miguel Aguilar
Cabinet Secretary

Regina Chacon
Deputy Cabinet Secretary

Ali Rye
State Director

Randy Varela
State Fire Marshal

DEPARTMENT OF HOMELAND SECURITY
AND EMERGENCY MANAGEMENT

Grant recipients also need the Council's written permission to make changes to their projects. Project modifications must be requested in writing, and the modification shall not significantly alter the original purpose of the approved application. Extension and modification requests are reviewed on a case-by-case basis and are not automatically granted.

If further information is required, please contact Randy Varela, State Fire Marshal at (505)709-8150.

Sincerely,
Randy Varela
State Fire Marshal

Randy J Varela

Sincerely,
Mike Cordova
Grant Council Chair

M R. Cr

FY26 NEW MEXICO FIRE PROTECTION GRANT AWARD PROJECT CLOSEOUT CHECKLIST

Part 1

Upon completion of the funded project, this checklist must be submitted to the State Fire Marshal's Office, Fire Services Support Bureau.

COUNTY: Dona Ana

FUNDED PROJECT: Facility Improvement

EQUIPMENT FUNDED: Facility Improvement

AMOUNT AWARDED: $400,000.00

PROJECT CHECKLIST

Benchmark	Deadline	Date	Name of SFMO Representative
Project specifications submitted to State Fire Marshal's Office for Review/Approval		Submittal Date	Submitted To:
Approval from SFMO to proceed with project specifications		Approval Date	Approved By:
Funds Encumbered by Procurement Code	May 31, 2026	Encumbrance Date	Encumbrance Method Contract/Purchase Order #
Project Completed		Goods/Services Received Date	
SFMO Inspection		Requested Date	Requested of whom:
Fire Chief		Signature Date	
SFMO Inspection Completed		Inspection Date	By Whom:
SFMO Check of NFIRS Compliance			

Award Letter

U.S. Department of Homeland Security
Washington, D.C. 20472

Effective date: 09/23/2025

FEMA

Ikani Taumoepeau
CITY OF LAS CRUCES
PO BOX 20000
LAS CRUCES, NM 88004

EMW-2024-FG-05291

Dear Ikani Taumoepeau,

Congratulations on behalf of the Department of Homeland Security. Your application submitted for the Fiscal Year (FY) 2024 Assistance to Firefighters Grant (FG) Grant funding opportunity has been approved in the amount of $456,181.77 in Federal funding. As a condition of this grant, you are required to contribute non-Federal funds equal to or greater than 10.0% of the Federal funds awarded, or $45,618.18 for a total approved budget of $501,799.95. Please see the FY 2024 FG Notice of Funding Opportunity for information on how to meet this cost share requirement.

Before you request and receive any of the Federal funds awarded to you, you must establish acceptance of the award through the FEMA Grants Outcomes (FEMA GO) system. By accepting this award, you acknowledge that the terms of the following documents are incorporated into the terms of your award:

- Summary Award Memo - included in this document
- Agreement Articles - included in this document
- Obligating Document - included in this document
- 2024 FG Notice of Funding Opportunity (NOFO) - incorporated by reference

Please make sure you read, understand, and maintain a copy of these documents in your official file for this award.

Sincerely,

Stacey Street
Deputy Assistant Administrator
Grants Program Directorate

Summary Award Memo

Program: Fiscal Year 2024 Assistance to Firefighters Grant
Recipient: CITY OF LAS CRUCES
UEI-EFT: J3ZLWA2K1X47
Award number: EMW-2024-FG-05291

Summary description of award

The purpose of the Assistance to Firefighters Grant program is to protect the health and safety of the public and firefighting personnel against fire and fire-related hazards. After careful consideration, FEMA has determined that the recipient's project or projects submitted as part of the recipient's application and detailed in the project narrative as well as the request details section of the application - including budget information - was consistent with the Assistance to Firefighters Grant Program's purpose and was worthy of award.

Except as otherwise approved as noted in this award, the information you provided in your application for Fiscal Year (FY) 2024 Assistance to Firefighters Grant funding is incorporated into the terms and conditions of this award. This includes any documents submitted as part of the application.

Amount awarded table

The amount of the award is detailed in the attached Obligating Document for Award.

The following are the budgeted estimates for object classes for this award (including Federal share plus your cost share, if applicable):

Object Class	Total
Personnel	$419,779.80
Fringe benefits	$0.00
Travel	$0.00
Equipment	$0.00
Supplies	$17,538.90
Contractual	$0.00
Construction	$0.00
Other	$64,481.25
Indirect charges	$0.00
Federal	$456,181.77
Non-federal	$45,618.18
Total	$501,799.95
Program Income	$0.00

Approved scope of work

After review of your application, FEMA has approved the below scope of work. Justifications are provided for any differences between the scope of work in the original application and the approved scope of work under this award. You must submit scope or budget revision requests for FEMA's prior approval, via an amendment request, as appropriate per 2 C.F.R. § 200.308 and the FY2024 FG NOFO.

Approved request details:

Training

Classroom

DESCRIPTION

$1,575 in Other. $100 per student for 15 students covered through local cash match by City of Las Cruces General Revenue Fund. This cost is for drug testing fees required by DACC for students prior to entry into the Paramedic Training Program.

QUANTITY	UNIT PRICE	TOTAL
0	$105.00	$0.00

BUDGET CLASS

Other

CHANGE FROM APPLICATION

Quantity from **15** to **0**

JUSTIFICATION

The award reflects a reduction from the amount requested in the application. This reduction removes ineligible costs for Drug Testing Fees requested in the application.

Classroom

DESCRIPTION

$1890 in Student Tools/Supplies: $126 per student for 15 students. These costs include stethoscopes, penlights, and trauma shears, which are required by the program.

QUANTITY	UNIT PRICE	TOTAL
15	$126.00	$1,890.00

BUDGET CLASS

Supplies

Classroom

DESCRIPTION

$59572.50 in Tuition Costs: average of $3,971.50 per student for 15 students. This cost includes DACC’s tuition rates for the three semesters required to complete the program, including $1,356 per student for Semester 1; $1,356 per student for Semester 2; and $1,259.50 per student for Semester 3.

QUANTITY	UNIT PRICE	TOTAL
15	$3,971.50	$59,572.50

BUDGET CLASS

Other

Classroom

DESCRIPTION

$2,625.00 in National Registry Exam Fees: $175 per student for 15 students. This cost includes the National Registry Exam fees paramedic students are required to take to become licensed.

QUANTITY	UNIT PRICE	TOTAL
15	$175.00	$2,625.00

BUDGET CLASS

Other

Reference Texts

DESCRIPTION

$11,992.96 in Textbooks: $1043 per student for 15 students. This cost includes a set of textbooks required by DACC for Paramedic coursework (including the foundational textbook at $400 and 15 others (ranging in price from $18 to $150), plus shipping cost of books, for 15 students.

QUANTITY	UNIT PRICE	TOTAL
15	$1,043.26	$15,648.90

BUDGET CLASS

Supplies

EMT (Advanced, Paramedic, Community Paramedic)

DESCRIPTION

This cost includes approximately $ $419,779.80 in overtime and backfill required for coverage so that 15 current LCFD AEMTs can complete the 705 didactic hours and 250 clinical hours required for program completion. The overtime hourly rate of $36.63 is derived from the average rate of pay for a 12-year employee and that of an AEMT at $24.42/hour, representing the range of staff that may provide coverage.

QUANTITY	UNIT PRICE	TOTAL
11,460	$36.63	$419,779.80

BUDGET CLASS

Personnel

Classroom

DESCRIPTION

$2,284 in admission fees for DACC: $152 per student for 15 students. This cost includes student admission fees required by Doña Ana Community College for the Paramedic Training Program.

QUANTITY	UNIT PRICE	TOTAL
15	$152.25	$2,283.75

BUDGET CLASS

Other

Agreement Articles

Program: Fiscal Year 2024 Assistance to Firefighters Grant
Recipient: CITY OF LAS CRUCES
UEI-EFT: J3ZLWA2K1X47
Award number: EMW-2024-FG-05291

Table of contents

Article 1	**Assurance, Administrative Requirements, Cost Principles, Representations, and Certifications**
Article 2	**General Acknowledgements and Assurances**
Article 3	**Acknowledgement of Federal Funding from DHS**
Article 4	**Activities Conducted Abroad**
Article 5	**Age Discrimination Act of 1975**
Article 6	**Americans with Disabilities Act of 1990**
Article 7	**Best Practices for Collection and Use of Personally Identifiable Information**
Article 8	**CHIPS and Science Act of 2022, Public Law 117-167 CHIPS**
Article 9	**Civil Rights Act of 1964 – Title VI**
Article 10	**Civil Rights Act of 1968**
Article 11	**Communication and Cooperation with the Department of Homeland Security and Immigration Officials**
Article 12	**Copyright**
Article 13	**Debarment and Suspension**
Article 14	**Drug-Free Workplace Regulations**
Article 15	**Duplicative Costs**
Article 16	**Education Amendments of 1972 (Equal Opportunity in Education Act) – Title IX**
Article 17	**Energy Policy and Conservation Act**
Article 18	**Equal Treatment of Faith-Based Organizations**
Article 19	**Anti-Discrimination**
Article 20	**False Claims Act and Program Fraud Civil Remedies**
Article 21	**Federal Debt Status**
Article 22	**Federal Leadership on Reducing Text Messaging while Driving**
Article 23	**Fly America Act of 1974**
Article 24	**Hotel and Motel Fire Safety Act of 1990**
Article 25	**John S. McCain National Defense Authorization Act of Fiscal Year 2019**

Article 26	**Limited English Proficiency (Civil Rights Act of 1964, Title VI)**
Article 27	**Lobbying Prohibitions**
Article 28	**National Environmental Policy Act**
Article 29	**National Security Presidential Memorandum-33 (NSPM-33) and provisions of the CHIPS and Science Act of 2022, Pub. L. 117-167, Section 10254**
Article 30	**Non-Supplanting Requirement**
Article 31	**Notice of Funding Opportunity Requirements**
Article 32	**Patents and Intellectual Property Rights**
Article 33	**Presidential Executive Orders**
Article 34	**Procurement of Recovered Materials**
Article 35	**Rehabilitation Act of 1973**
Article 36	**Reporting Recipient Integrity and Performance Matters**
Article 37	**Reporting Subawards and Executive Compensation**
Article 38	**Required Use of American Iron, Steel, Manufactured Products, and Construction Materials**
Article 39	**SAFECOM**
Article 40	**Subrecipient Monitoring and Management**
Article 41	**System for Award Management and Unique Entity Identifier Requirements**
Article 42	**Termination of a Federal Award**
Article 43	**Terrorist Financing**
Article 44	**Trafficking Victims Protection Act of 2000(TVPA)**
Article 45	**Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001, Pub. L. 107-56**
Article 46	**Use of DHS Seal, Logo and Flags**
Article 47	**Whistleblower Protection Act**
Article 48	**Environmental Planning and Historic Preservation (EHP) Review**
Article 49	**Applicability of DHS Standard Terms and Conditions to Tribal Nations**
Article 50	**Acceptance of Post Award Changes**

Article 51	**Disposition of Equipment Acquired Under the Federal Award**
Article 52	**Prior Approval for Modification of Approved Budget**
Article 53	**Indirect Cost Rate**
Article 54	**Build America, Buy America Act (BABAA) Required Contract Provision & Self-Certification**
Article 55	**Award Performance Goals**
Article 56	**Non-Applicability of Specific Agreement Articles**
Article 57	**Payment Information (Updated)**
Article 58	**Termination of the Federal Award (Updated)**
Article 59	**Non-Applicability of Specific Agreement Articles**

Article 1	**Assurance, Administrative Requirements, Cost Principles, Representations, and Certifications** I. Recipients must complete either the Office of Management and Budget (OMB) Standard Form 424B Assurances – Non- Construction Programs, or OMB Standard Form 424D Assurances – Construction Programs, as applicable. Certain assurances in these documents may not be applicable to your program and the DHS financial assistance office (DHS FAO) may require applicants to certify additional assurances. Applicants are required to fill out the assurances, as instructed.
Article 2	**General Acknowledgements and Assurances** Recipients are required to follow the applicable provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in effect as of the federal award date and located in Title 2, Code of Federal Regulations, Part 200 and adopted by DHS at 2 C.F.R. § 3002.10. All recipients and subrecipients must acknowledge and agree to provide DHS access to records, accounts, documents, information, facilities, and staff pursuant to 2 C.F.R. § 200.337. I. Recipients must cooperate with any DHS compliance reviews or compliance investigations. II. Recipients must give DHS access to examine and copy records, accounts, and other documents and sources of information related to the federal award and permit access to facilities and personnel. III. Recipients must submit timely, complete, and accurate reports to the appropriate DHS officials and maintain appropriate backup documentation to support the reports. IV. Recipients must comply with all other special reporting, data collection, and evaluation requirements required by law, federal regulation, Notice of Funding Opportunity, federal award specific terms and conditions, and/or DHS Component program guidance. Organization costs related to data and evaluation are allowable. The definition of data and evaluation costs is in 2 C.F.R. § 200.455(c), the full text of which is incorporated by reference. V. Recipients must complete DHS Form 3095 within 60 days of receipt of the Notice of Award for the first award under which this term applies. For further instructions and to access the form, please visit: https://www.dhs.gov/civil-rightsresources-recipients-dhs-financial-assistance.
Article 3	**Acknowledgement of Federal Funding from DHS** Recipients must acknowledge their use of federal award funding when issuing statements, press releases, requests for proposal, bid invitations, and other documents describing projects or programs funded in whole or in part with federal award funds.
Article 4	**Activities Conducted Abroad** Recipients must coordinate with appropriate government authorities when performing project activities outside the United States obtain all appropriate licenses, permits, or approvals.

Article 5	**Age Discrimination Act of 1975** Recipients must comply with the requirements of the Age Discrimination Act of 1975, Pub. L. No. 94-135 (codified as amended at Title 42, U.S. Code § 6101 et seq.), which prohibits discrimination on the basis of age in any program or activity receiving federal financial assistance.
Article 6	**Americans with Disabilities Act of 1990** Recipients must comply with the requirements of Titles I, II, and III of the Americans with Disabilities Act, Pub. L. No. 101-336 (1990) (codified as amended at 42 U.S.C. §§ 12101– 12213), which prohibits recipients from discriminating on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities.
Article 7	**Best Practices for Collection and Use of Personally Identifiable Information** (1) Recipients who collect personally identifiable information (PII) as part of carrying out the scope of work under a federal award are required to have a publicly available privacy policy that describes standards on the usage and maintenance of the PII they collect. (2) Definition. DHS defines "PII" as any information that permits the identity of an individual to be directly or indirectly inferred, including any information that is linked or linkable to that individual. Recipients may also find the DHS Privacy Impact Assessments: Privacy Guidance and Privacy Template as useful resources respectively.

Article 8 **CHIPS and Science Act of 2022, Public Law 117-167 CHIPS**

(1) Recipients of DHS research and development (R&D) awards must report to the DHS Component research program office any finding or determination of sex based and sexual harassment and/or an administrative or disciplinary action taken against principal investigators or co-investigators to be completed by an authorized organizational representative (AOR) at the recipient institution. (2) Notification. An AOR must disclose the following information to agencies within 10 days of the date/the finding is made, or 10 days from when a recipient imposes an administrative action on the reported individual, whichever is sooner. Reports should include: (a) Award number, (b) Name of PI or Co-PI being reported, (c) Awardee name, (d) Awardee address, (e) AOR name, title, phone, and email address, (f) Indication of the report type: (i) Finding or determination has been made that the reported individual violated awardee policies or codes of conduct, statutes, or regulations related to sexual harassment, sexual assault, or other forms of harassment, including the date that the finding was made. (ii) Imposition of an administrative or disciplinary action by the recipient on the reporting individual related to a finding/determination or an investigation of an alleged violation of recipient policy or codes of conduct, statutes, or regulations, or other forms of harassment. (iii) The date and nature of the administrative/disciplinary action, including a basic explanation or description of the event, which should not disclose personally identifiable information regarding any complaints or individuals involved. Any description provided must be consistent with the Family Educational Rights in Privacy Act. (3) Definitions. (a) An “authorized organizational representative (AOR)” is an administrative official who, on behalf of the proposing institution, is empowered to make certifications and representations and can commit the institution to the conduct of a project that an agency is being asked to support as well as adhere to various agency policies and award requirements. (b) “Principal investigators and co-principal investigators” are award personnel supported by a grant, cooperative agreement, or contract under Federal law. (c) A “reported individual” refers to recipient personnel who have been reported to a federal agency for potential sexual harassment violations. (d) “Sex based harassment” means a form of sex discrimination and includes harassment based on sex, sex stereotypes, sex characteristics, pregnancy or related conditions, sexual orientation, and gender identity. (e) “Sexual harassment” means unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when this conduct explicitly or implicitly affects an individual’s employment, unreasonably interferes with an individual’s work performance, or creates an intimidating, hostile, or offensive work environment, whether such activity is carried out by a supervisor or by a co-worker, volunteer, or contractor.

Article 9	**Civil Rights Act of 1964 – Title VI** Recipients must comply with the requirements of Title VI of the Civil Rights Act of 1964, Pub. L. No. 88-352 (codified as amended at 42 U.S.C. § 2000d et seq.), which provides that no person in the United States will, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. DHS implementing regulations for the Act are found at 6 C.F.R. Part 21. Recipients of a federal award from the Federal Emergency Management Agency (FEMA) must also comply with FEMA's implementing regulations at 44 C.F.R. Part 7.
Article 10	**Civil Rights Act of 1968** Recipients must comply with Title VIII of the Civil Rights Act of 1968, Pub. L. No. 90284 (codified as amended at 42 U.S.C. § 3601 et seq.) which prohibits recipients from discriminating in the sale, rental, financing, and advertising of dwellings, or in the provision of services in connection. therewith, on the basis of race, color, national origin, religion, disability, familial status, and sex, as implemented by the U.S. Department of Housing and Urban Development at 24 C.F.R. Part 100. The prohibition on disability discrimination includes the requirement that new multifamily housing with four or more dwelling units—i.e., the public and common use areas and individual apartment units (all units in buildings with elevators and ground-floor units in buildings without elevators)—be designed and constructed with certain accessible features. (See 24 C.F.R. Part 100, Subpart D.)

Article 11	**Communication and Cooperation with the Department of Homeland Security and Immigration Officials** (1) All recipients and other recipients of funds under this award must agree that they will comply with the following requirements related to coordination and cooperation with the Department of Homeland Security and immigration officials: (a) They must comply with the requirements of 8 U.S.C. §§ 1373 and 1644. These statutes prohibit restrictions on information sharing by state and local government entities with DHS regarding the citizenship or immigration status, lawful or unlawful, of any individual. Additionally, 8 U.S.C. § 1373 prohibits any person or agency from prohibiting, or in any way restricting, a Federal, State, or local government entity from doing any of the following with respect to information regarding the immigration status of any individual: 1) sending such information to, or requesting or receiving such information from, Federal immigration officials; 2) maintaining such information; or 3) exchanging such information with any other Federal, State, or local government entity; (b) They must comply with other relevant laws related to immigration, including prohibitions on encouraging or inducing an alien to come to, enter, or reside in the United States in violation of law, 8 U.S.C. § 1324(a)(1)(A)(iv), prohibitions on transporting or moving illegal aliens, 8 U.S.C. § 1324(a)(1)(A)(ii), prohibitions on harboring, concealing, or shielding from detection illegal aliens, 8 U.S.C. § 1324(a)(1)(A)(iii), and any applicable conspiracy, aiding or abetting, or attempt liability regarding these statutes; (c) That they will honor requests for cooperation, such as participation in joint operations, sharing of information, or requests for short term detention of an alien pursuant to a valid detainer. A jurisdiction does not fail to comply with this requirement merely because it lacks the necessary resources to assist in a particular instance; (d) That they will provide access to detainees, such as when an immigration officer seeks to interview a person who might be a removable alien; and (e) That they will not leak or otherwise publicize the existence of an immigration enforcement operation. (2) The recipient must certify under penalty of perjury pursuant to 28 U.S.C. § 1746 and using a form that is acceptable to DHS, that it will comply with the requirements of this term. Additionally, the recipient agrees that it will require any subrecipients or contractors to certify in the same manner that they will comply with this term prior to providing them with any funding under this award. (3) The recipient agrees that compliance with this term is material to the Government's decision to make or continue with this award and that the Department of homeland Security may terminate this grant, or take any other allowable enforcement action, if the recipient fails to comply with this term.
Article 12	**Copyright** Recipients must affix the applicable copyright notices of 17 U.S.C. §§ 401 or 402 to any work first produced under federal awards and also include an acknowledgement that the work was produced under a federal award (including the federal award number and federal awarding agency). As detailed in 2 C.F.R. § 200.315, a federal awarding agency reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use the work for federal purposes and to authorize others to do so.

Article 13	**Debarment and Suspension** Recipients must comply with the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689 set forth at 2 C.F.R. Part 180 as implemented by DHS at 2 C.F.R. Part 3000. These regulations prohibit recipients from entering into covered transactions (such as subawards and contracts) with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.
Article 14	**Drug-Free Workplace Regulations** Recipients must comply with drug-free workplace requirements in Subpart B (or Subpart C, if the recipient is an individual) of 2 C.F.R. Part 3001, which adopts the Government- wide implementation (2 C.F.R. Part 182) of the Drug-Free Workplace Act of 1988 (41 U.S.C. §§ 8101-8106).
Article 15	**Duplicative Costs** Recipients are prohibited from charging any cost to this federal award that will be included as a cost or used to meet cost sharing requirements of any other federal award in either the current or a prior budget period. See 2 C.F.R. § 200.403(f). However, recipients may shift costs that are allowable under two or more federal awards where otherwise permitted by federal statutes, regulations, or the federal award terms and conditions.
Article 16	**Education Amendments of 1972 (Equal Opportunity in Education Act) – Title IX** Recipients must comply with the requirements of Title IX of the Education Amendments of 1972, Pub. L. No. 92-318 (codified as amended at 20 U.S.C. § 1681 et seq.), which provide that no person in the United States will, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving federal financial assistance. DHS implementing regulations are codified at 6 C.F.R. Part 17. Recipients of a federal award from the Federal Emergency Management Agency (FEMA) must also comply with FEMA's implementing regulations at 44 C.F.R. Part 19.
Article 17	**Energy Policy and Conservation Act** Recipients must comply with the requirements of the Energy Policy and Conservation Act, Pub. L. No. 94-163 (1975) (codified as amended at 42 U.S.C. § 6201 et seq.), which contain policies relating to energy efficiency that are defined in the state energy conservation plan issued in compliance with this Act.

Article 18	**Equal Treatment of Faith-Based Organizations** It is DHS policy to ensure the equal treatment of faith-based organizations in social service programs administered or supported by DHS or its component agencies, enabling those organizations to participate in providing important social services to beneficiaries. Recipients must comply with the equal treatment policies and requirements contained in 6 C.F.R. Part 19 and other applicable statutes, regulations, and guidance governing the participations of faith-based organizations in individual DHS programs.
Article 19	**Anti-Discrimination** Recipients must comply with all applicable Federal anti-discrimination laws material to the government's payment decisions for purposes of 31 U.S.C. § 372(b)(4). (1) Definitions. As used in this clause – (a) DEI means "diversity, equity, and inclusion." (b) DEIA means "diversity, equity, inclusion, and accessibility." (c) Discriminatory equity ideology has the meaning set forth in Section 2(b) of Executive Order 14190 of January 29, 2025. (d) Federal anti-discrimination laws mean Federal civil rights law that protect individual Americans from discrimination on the basis of race, color, sex, religion, and national origin. (e) Illegal immigrant means any alien, as defined in 8 U.S.C. § 1101(a)(3), who has no lawful immigration status in the United States.(2) Grant award certification. (a) By accepting the grant award, recipients are certifying that: (i) They do not, and will not during the term of this financial assistance award, operate any programs that advance or promote DEI, DEIA, or discriminatory equity ideology in violation of Federal anti-discrimination laws; and (ii) They do not engage in and will not during the term of this award engage in, a discriminatory prohibited boycott. (iii) They do not, and will not during the term of this award, operate any program that benefits illegal immigrants or incentivizes illegal immigration. (3) DHS reserves the right to suspend payments in whole or in part and/or terminate financial assistance awards if the Secretary of Homeland Security or her designee determines that the recipient has violated any provision of subsection (2). (4) Upon suspension or termination under subsection (3), all funds received by the recipient shall be deemed to be in excess of the amount that the recipient is determined to be entitled to under the Federal award for purposes of 2 C.F.R. § 200.346. As such, all amounts received will constitute a debt to the Federal Government that may be pursued to the maximum extent permitted by law.
Article 20	**False Claims Act and Program Fraud Civil Remedies** Recipients must comply with the requirements of the False Claims Act, 31 U.S.C. §§ 3729- 3733, which prohibit the submission of false or fraudulent claims for payment to the Federal Government. (See 31 U.S.C. §§ 3801-3812, which details the administrative remedies for false claims and statements made.)

Article 21	**Federal Debt Status** All recipients are required to be non-delinquent in their repayment of any federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129.
Article 22	**Federal Leadership on Reducing Text Messaging while Driving** Recipients are encouraged to adopt and enforce policies that ban text messaging while driving recipient-owned, recipient-rented, or privately owned vehicles when on official government business or when performing any work for or on behalf of the Federal Government. Recipients are also encouraged to conduct the initiatives of the type described in Section 3(a) of Executive Order 13513.
Article 23	**Fly America Act of 1974** Recipients must comply with Preference for U.S. Flag Air Carriers (a list of certified air carriers can be found at: Certificated Air Carriers List | US Department of Transportation, https://www.transportation.gov/policy/aviation-policy/certificated-aircarriers-list)for international air transportation of people and property to the extent that such service is available, in accordance with the International Air Transportation Fair Competitive Practices Act of 1974, 49 U.S.C. § 40118, and the interpretative guidelines issued by the Comptroller General of the United States in the March 31, 1981, amendment to Comptroller General Decision B-138942.
Article 24	**Hotel and Motel Fire Safety Act of 1990** Recipients must ensure that all conference, meeting, convention, or training space funded entirely or in part by federal award funds complies with the fire prevention and control guidelines of Section 6 of the Hotel and Motel Fire Safety Act of 1990, 15 U.S.C. § 2225a.
Article 25	**John S. McCain National Defense Authorization Act of Fiscal Year 2019** Recipients, subrecipients, and their contractors and subcontractors are subject to the prohibitions described in section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. No. 115-232 (2018) and 2 C.F.R. §§ 200.216, 200.327, 200.471, and Appendix II to 2 C.F.R. Part 200. The statute – as it applies to DHS recipients, subrecipients, and their contractors and subcontractors – prohibits obligating or expending federal award funds on certain telecommunications and video surveillance products and contracting with certain entities for national security reasons.

Article 26	**Limited English Proficiency (Civil Rights Act of 1964, Title VI)** Recipients must comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.) prohibition against discrimination on the basis of national origin, which requires that recipients of federal financial assistance take reasonable steps to provide meaningful access to persons with limited English proficiency (LEP) to their programs and services. For additional assistance and information regarding language access obligations, please refer to the DHS Recipient Guidance: https://www.dhs.gov/guidance-published-help-department-supported-organizationsprovide-meaningful-access-people-limited and additional resources on http://www.lep.gov.
Article 27	**Lobbying Prohibitions** Recipients must comply with 31 U.S.C. § 1352 and 6 C.F.R. Part 9, which provide that none of the funds provided under a federal award may be expended by the recipient to pay any person to influence, or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any federal action related to a federal award or contract, including any extension, continuation, renewal, amendment, or modification. Per 6 C.F.R. Part 9, recipients must file a lobbying certification form as described in Appendix A to 6 C.F.R. Part 9 or available on Grants.gov as the Grants.gov Lobbying Form and file a lobbying disclosure form as described in Appendix B to 6 C.F.R. Part 9 or available on Grants.gov as the Disclosure of Lobbying Activities (SF-LLL).
Article 28	**National Environmental Policy Act** Recipients must comply with the requirements of the National Environmental Policy Act of 1969, Pub. L. No. 91-190 (1970) (codified as amended at 42 U.S.C. § 4321 et seq.) (NEPA) and the Council on Environmental Quality (CEQ) Regulations for Implementing the Procedural Provisions of NEPA, which require recipients to use all practicable means within their authority, and consistent with other essential considerations of national policy, to create and maintain conditions under which people and nature can exist in productive harmony and fulfill the social, economic, and other needs of present and future generations of Americans.
Article 29	**National Security Presidential Memorandum-33 (NSPM-33) and provisions of the CHIPS and Science Act of 2022, Pub. L. 117-167, Section 10254** (1) Recipient research institutions (“covered institutions”) must comply with the requirements in NSPM-33 and provisions of Pub. L.117-167, Section 10254 (codified at 42 U.S.C. § 18951) certifying that the institution has established and operates a research security program that includes elements relating to: (a) cybersecurity; (b) foreign travel security; (c) research security training; and (d) export control training, as appropriate. (2) Definition. “Covered institutions” means recipient research institutions receiving federal Research and Development (R&D) science and engineering support “in excess of $50 million per year.”

Article 30	**Non-Supplanting Requirement** Recipients of federal awards under programs that prohibit supplanting by law must ensure that federal funds supplement but do not supplant non-federal funds that, in the absence of such federal funds, would otherwise have been made available for the same purpose.
Article 31	**Notice of Funding Opportunity Requirements** All the instructions, guidance, limitations, scope of work, and other conditions set forth in the Notice of Funding Opportunity (NOFO) for this federal award are incorporated by reference. All recipients must comply with any such requirements set forth in the NOFO. If a condition of the NOFO is inconsistent with these terms and conditions and any such terms of the federal award, the condition in the NOFO shall be invalid to the extent of the inconsistency. The remainder of that condition and all other conditions set forth in the NOFO shall remain in effect.
Article 32	**Patents and Intellectual Property Rights** Recipients are subject to the Bayh-Dole Act, 35 U.S.C. § 200 et seq. and applicable regulations governing inventions and patents, including the regulations issued by the Department of Commerce at 37 C.F.R. Part 401 (Rights to Inventions Made by Nonprofit Organizations and Small Business Firms under Government Awards, Contracts, and Cooperative Agreements) and the standard patent rights clause set forth at 37 C.F.R. § 401.14.
Article 33	**Presidential Executive Orders** Recipients must comply with the requirements of Presidential Executive Orders related to grants (also known as federal assistance and financial assistance), the full text of which are incorporated by reference.
Article 34	**Procurement of Recovered Materials** States, political subdivisions of states, and their contractors must comply with Section 6002 of the Solid Waste Disposal Act, Pub. L. No. 89-272 (1965) (codified as amended by the Resource Conservation and Recovery Act at 42 U.S.C. § 6962) and 2 C.F.R. § 200.323. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 C.F.R. Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition.

Article 35	**Rehabilitation Act of 1973** Recipients must comply with the requirements of Section 504 of the Rehabilitation Act of 1973, Pub. L. No. 93-112 (codified as amended at 29 U.S.C. § 794), which provides that no otherwise qualified handicapped individuals in the United States will, solely by reason of the handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.
Article 36	**Reporting Recipient Integrity and Performance Matters** If the total value of any currently active grants, cooperative agreements, and procurement contracts from all federal awarding agencies exceeds $10,000,000 for any period of time during the period of performance of the federal award, then the recipient must comply with the requirements set forth in the government-wide federal award term and condition for Recipient Integrity and Performance Matters is in 2 C.F.R. Part 200, Appendix XII, the full text of which is incorporated by reference.
Article 37	**Reporting Subawards and Executive Compensation** For federal awards that total or exceed $30,000, recipients are required to comply with the requirements set forth in the government-wide federal award term and condition on Reporting Subawards and Executive Compensation set forth at 2 C.F.R. Part 170, Appendix A, the full text of which is incorporated by reference.

Article 38 **Required Use of American Iron, Steel, Manufactured Products, and Construction Materials**

(1) Recipients of a federal award from a financial assistance program that provides funding for infrastructure are hereby notified that none of the funds provided under this federal award may be used for a project for infrastructure unless: (a) all iron and steel used in the project are produced in the United States—this means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States; (b) all manufactured products used in the project are produced in the United States—this means the manufactured product was manufactured in the United States; and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation; and (c) all construction materials are manufactured in the United States—this means that all manufacturing processes for the construction material occurred in the United States. (2) The Buy America preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. As such, it does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought to the construction site and removed at or before the completion of the infrastructure project. Nor does a Buy America preference apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project but are not an integral part of the structure or permanently affixed to the infrastructure project. (3) Waivers When necessary, recipients may apply for, and the agency may grant, a waiver from these requirements. The agency should notify the recipient for information on the process for requesting a waiver from these requirements. (a) When the Federal agency has determined that one of the following exceptions applies, the federal awarding official may waive the application of the domestic content procurement preference in any case in which the agency determines that: (i) applying the domestic content procurement preference would be inconsistent with the public interest; (ii) the types of iron, steel, manufactured products, or construction materials are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or (iii) the inclusion of iron, steel, manufactured products, or construction materials produced in the United States will increase the cost of the overall project by more than 25 percent. (b) A request to waive the application of the domestic content procurement preference must be in writing. The agency will provide instructions on the format, contents, and supporting materials required for any waiver request. Waiver requests are subject to public comment periods of no less than 15 days and must be reviewed by the Made in America Office. (c) There may be instances where a federal award qualifies, in whole or in part, for an existing waiver described at "Buy America" Preference in FEMA Financial Assistance Programs for Infrastructure | FEMA.gov. (4) Definitions. The definitions applicable to this term are set forth at 2 C.F.R. § 184.3, the full text of which is incorporated by reference.

Article 39	**SAFECOM** Recipients receiving federal awards made under programs that provide emergency communication equipment and its related activities must comply with the SAFECOM Guidance for Emergency Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications. The SAFECOM Guidance is updated annually and can be found at Funding and Sustainment | CISA.
Article 40	**Subrecipient Monitoring and Management** Pass-through entities must comply with the requirements for subrecipient monitoring and management as set forth in 2 C.F.R. §§ 200.331-333.
Article 41	**System for Award Management and Unique Entity Identifier Requirements** Recipients are required to comply with the requirements set forth in the governmentwide federal award term and condition regarding the System for Award Management and Unique Entity Identifier Requirements in 2 C.F.R. Part 25, Appendix A, the full text of which is incorporated reference.
Article 42	**Termination of a Federal Award** (1) By DHS. DHS may terminate a federal award, in whole or in part, for the following reasons: (a) If the recipient fails to comply with the terms and conditions of the federal award; (b) With the consent of the recipient, in which case the parties must agree upon the termination conditions, including the effective date, and in the case of partial termination, the portion to be terminated; or (c) Pursuant to the terms and conditions of the federal award, including, to the extent authorized by law, if the federal award no longer effectuates the program goals or agency priorities. (3) By the Recipient. The recipient may terminate the federal award, in whole or in part, by sending written notification to DHS stating the reasons for such termination, the effective date, and in the case of partial termination, the portion to be terminated. However, if DHS determines that the remaining portion of the federal award will not accomplish the purposes for which the federal award was made, DHS may terminate the federal award in its entirety. (4) Notice. Either party will provide written notice of intent to terminate for any reason to the other party no less than 30 calendar days prior to the effective date of the termination. (5) Compliance with Closeout Requirements for Terminated Awards. The recipient must continue to comply with closeout requirements in 2 C.F.R. §§ 200.344200.345 after an award is terminated.
Article 43	**Terrorist Financing** Recipients must comply with Executive Order 13224 and applicable statutory prohibitions on transactions with, and the provisions of resources and support to, individuals and organizations associated with terrorism. Recipients are legally responsible for ensuring compliance with the Executive Order and laws.

Article 44	**Trafficking Victims Protection Act of 2000(TVPA)** Recipients must comply with the requirements of the government-wide federal award term and condition which implements Trafficking Victims Protection Act of 2000, Pub. L. No. 106-386, § 106 (codified as amended at 22 U.S.C. § 7104). The federal award term and condition is in 2 C.F.R. § 175.105, the full text of which is incorporated by reference.
Article 45	**Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001, Pub. L. 107-56** Recipients must comply with the requirements of Pub. L. 107-56, Section 817 of the USA PATRIOT Act, which amends 18 U.S.C. §§ 175–175c.
Article 46	**Use of DHS Seal, Logo and Flags** Recipients must obtain written permission from DHS prior to using the DHS seals, logos, crests, or reproductions of flags, or likenesses of DHS agency officials. This includes use of DHS component (e.g., FEMA, CISA, etc.) seals, logos, crests, or reproductions of flags, or likenesses of component officials.
Article 47	**Whistleblower Protection Act** Recipients must comply with the statutory requirements for whistleblower protections in 10 U.S.C § 470141 U.S.C. § 4712.

Article 48	**Environmental Planning and Historic Preservation (EHP) Review** DHS/FEMA funded activities that could have an impact on the environment are subject to the FEMA EHP review process. This review does not address all federal, state, and local requirements. Acceptance of federal funding requires the recipient to comply with all federal, state, and local laws. DHS/FEMA is required to consider the potential impacts to natural and cultural resources of all projects funded by DHS/FEMA grant funds, through its EHP review process, as mandated by: the National Environmental Policy Act; Endangered Species Act; National Historic Preservation Act of 1966, as amended; Clean Water Act; Clean Air Act; National Flood Insurance Program regulations; and any other applicable laws, regulations and executive orders. General guidance for FEMA's EHP process is available on the DHS/FEMA Website. Specific applicant guidance on how to submit information for EHP review depends on the individual grant program. Applicants should contact their grant Program Officer to be put into contact with EHP staff responsible for assisting their specific grant program. The FEMA EHP review process must be completed before funds are released to carry out the proposed project, otherwise, DHS/FEMA may not be able to fund the project due to noncompliance with EHP laws, executive orders, regulations, and policies. DHS/FEMA may also need to perform a project closeout review to ensure the applicant complied with all required EHP conditions identified in the initial review. If ground disturbing activities occur during construction, the applicant will monitor the ground disturbance, and if any potential archaeological resources are discovered, the applicant will immediately cease work in that area and notify the pass-through entity, if applicable, and DHS/FEMA. EO 11988, Floodplain Management, and EO 11990, Protection of Wetlands, require that all federal actions in or affecting the floodplain or wetlands be reviewed for opportunities to relocate, and be evaluated for social, economic, historical, environmental, legal, and safety considerations. FEMA's regulations at 44 C.F.R. Part 9 implement the EOs and require an eight-step review process if a proposed action is in a floodplain or wetland or has the potential to affect or be affected by a floodplain or wetland. The regulation also requires that the federal agency provide public notice of the proposed action at the earliest possible time to provide the opportunity for public involvement in the decision-making process (44 C.F.R. § 9.8). Where there is no opportunity to relocate the federal action, FEMA is required to undertake a detailed review to determine what measures can be taken to minimize future damages to the floodplain or wetland.
Article 49	**Applicability of DHS Standard Terms and Conditions to Tribal Nations** The DHS Standard Terms and Conditions are a restatement of general requirements imposed upon recipients and flow down to sub-recipients as a matter of law, regulation, or executive order. If the requirement does not apply to Tribal Nations, or there is a federal law or regulation exempting its application to Tribal Nations, then the acceptance by Tribal Nations, or acquiescence to DHS Standard Terms and Conditions does not change or alter its inapplicability to a Tribal Nation. The execution of grant documents is not intended to change, alter, amend, or impose additional liability or responsibility upon the Tribal Nations where it does not already exist.

Article 50	**Acceptance of Post Award Changes** In the event FEMA determines that an error in the award package has been made, or if an administrative change must be made to the award package, recipients will be notified of the change in writing. Once the notification has been made, any subsequent requests for funds will indicate recipient acceptance of the changes to the award. Please email FEMA Grant Management Operations at: ASK-GMD@fema.dhs.gov for any questions.
Article 51	**Disposition of Equipment Acquired Under the Federal Award** When original or replacement equipment acquired under this award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the non-state recipient or subrecipient (including subrecipients of a State or Tribal Nation), must request instructions from FEMA to make proper disposition of the equipment pursuant to 2 C.F.R. section 200.313(e). State recipients must follow the disposition requirements in accordance with State laws and procedures. 2 C.F.R. section 200.313(b). Tribal Nations must follow the disposition requirements in accordance with Tribal laws and procedures noted in 2 C.F.R. section 200.313(b); and if such laws and procedures do not exist, then Tribal Nations must follow the disposition instructions in 2 C.F.R. section 200.313(e).
Article 52	**Prior Approval for Modification of Approved Budget** Before making any change to the FEMA approved budget for this award, a written request must be submitted and approved by FEMA as required by 2 C.F.R. section 200.308. For purposes of non-construction projects, FEMA is utilizing its discretion to impose an additional restriction under 2 C.F.R. section 200.308(i) regarding the transfer of funds among direct cost categories, programs, functions, or activities. For awards with an approved budget where the federal share is greater than the simplified acquisition threshold (currently $250,000) and where the cumulative amount of such transfers exceeds or is expected to exceed ten percent (10%) of the total budget FEMA last approved, transferring funds among direct cost categories, programs, functions, or activities is unallowable without prior written approval from FEMA. For purposes of awards that support both construction and non-construction work, 2 C.F.R. section 200.308((f)(9) requires the recipient to obtain prior written approval from FEMA before making any fund or budget transfers between the two types of work. Any deviations from a FEMA approved budget must be reported in the first Federal Financial Report (SF-425) that is submitted following any budget deviation, regardless of whether the budget deviation requires prior written approval.
Article 53	**Indirect Cost Rate** 2 C.F.R. section 200.211(b)(16) requires the terms of the award to include the indirect cost rate for the federal award. If applicable, the indirect cost rate for the award is stated in the budget documents or other materials approved by FEMA and included in the award file.

Article 54	**Build America, Buy America Act (BABAA) Required Contract Provision & Self-Certification** In addition to the DHS Standard Terms & Conditions regarding Required Use of American Iron, Steel, Manufactured Products, and Construction Materials, recipients and subrecipients of FEMA financial assistance for programs that are subject to BABAA must include a Buy America preference contract provision as noted in 2 C.F.R. section 184.4 and a self-certification as required by the FEMA Buy America Preference in FEMA Financial Assistance Programs for Infrastructure (FEMA Interim Policy #207-22-0001). This requirement applies to all subawards, contracts, and purchase orders for work performed, or products supplied under the FEMA award subject to BABAA.
Article 55	**Award Performance Goals** FEMA will measure the recipient's performance of the grant by comparing the number of items requested in its application, the numbers acquired (ordered, paid, and received) within the period of performance. In order to measure performance, FEMA may request information throughout the period of performance. In its final performance report submitted at closeout, the recipient is required to report on the recipients compliance with the applicable industry, local, state and national standards described in the NOFO.
Article 56	**Non-Applicability of Specific Agreement Articles** Notwithstanding their inclusion in this award package, the following Agreement Articles do not apply to this grant award: 1. Communication and Cooperation with the Department of Homeland Security and Immigration Officials. 2. Paragraph (2)(a)(iii) of Anti-Discrimination.

Article 57 **Payment Information (Updated)**

Recipients will submit payment requests in FEMA GO for FY25 awards under this program.

Instructions to Grant Recipients Pursuing Payments

FEMA reviews all grant payments and obligations to ensure allowability in accordance with 2 C.F.R. § 200.305. These measures ensure funds are disbursed appropriately while continuing to support and prioritize communities who rely on FEMA for assistance. Once a recipient submits a payment request in FEMA GO, FEMA will review the request. If FEMA approves a payment, it will process the payment through FEMA GO and the payment will be delivered pursuant to the recipients SAM.gov financial information. If FEMA disapproves a payment, FEMA will inform the recipient.

Processing and Payment Timeline

FEMA must comply with regulations governing payments to grant recipients. See 2 C.F.R. § 200.305. For grant recipients other than States, 2 C.F.R. § 200.305(b)(3) stipulates that FEMA is to make payments on a reimbursement basis within 30 days after receipt of the payment request, unless FEMA reasonably believes the request to be improper. For state recipients, 2 C.F.R. § 200.305(a) instructs that federal grant payments are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements ("Treasury-State agreement") and default procedures codified at 31 C.F.R. part 205 and Treasury Financial Manual (TFM) 4A-2000, "Overall Disbursing Rules for All Federal Agencies." See 2 C.F.R. § 200.305(a).

Treasury-State agreements generally apply to "major federal assistance programs" that are governed by 31 C.F.R. part 205, subpart A and are identified in the Treasury-State agreement. 31 C.F.R. §§ 205.2, 205.6. Where a federal assistance (grant) program is not governed by subpart A, payment and funds transfers from FEMA to the state are subject to 31 C.F.R. part 205, subpart B. Subpart B requires FEMA to "limit a funds transfer to a state to the minimum amounts needed by the state and must time the disbursement to be in accord with the actual, immediate cash requirements of the state in carrying out a federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a state's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs." 31 C.F.R. § 205.33(a). Nearly all FEMA grants are not "major federal assistance programs." As a result, payments to states for those grants are subject to the "default" rules of 31 C.F.R. part 205, subpart B.

If additional information is needed, a request for information will be issued by FEMA to the recipient; recipients are strongly encouraged to respond to any additional FEMA request for information inquiries within three business days. If an adequate response is not received, the request may be denied, and the entity may need to submit a new reimbursement request; this will re-start the 30-day timeline.

Submission Process

All non-disaster grant program reimbursement requests must be reviewed and approved by FEMA prior to drawdowns.

For all non-disaster reimbursement requests (regardless of system), please ensure submittal of the following information:

1. Grant ID / Award Number

2. Total amount requested for drawdown

3. Purpose of drawdown and timeframe covered (must be within the award performance period)

4. Subrecipient Funding Details (if applicable).

• Is funding provided directly or indirectly to a subrecipient?

• If no, include statement "This grant funding is not being directed to a subrecipient."

• If yes, provide the following details:

• The name, mission statement, and purpose of each subrecipient receiving funds, along with the amount allocated and the specific role or activity being reimbursed.

• Whether the subrecipient's work or mission involves supporting aliens, regardless of whether FEMA funds support such activities.

• Whether the payment request includes an activity involving support to aliens?

• Whether the subrecipient has any diversity, equity, and inclusion practices.

5. Supporting documentation to demonstrate that expenses are allowable, allocable, reasonable, and necessary under 2 C.F.R. Part 200 and in compliance with the grant's NOFO, award terms, and applicable federal regulations.

Article 58 **Termination of the Federal Award (Updated)**

1. Paragraph C.XL of the FY 2025 DHS Standard Terms and Conditions, v.3 sets forth a term and condition entitled “Termination of a Federal Award.” The termination provision condition listed below applies to the grant award and the term and condition in Paragraph C.XL of the FY 2025 DHS Standard Terms and Conditions, v.3 does not.

2. Termination of the Federal Award by FEMA

FEMA may terminate the federal award in whole or in part for one of the following reasons identified in 2 C.F.R. § 200.340:

a. If the recipient or subrecipient fails to comply with the terms and conditions of the federal award.

b. With the consent of the recipient, in which case FEMA and the recipient must agree upon the termination conditions. These conditions include the effective date and, in the case of partial termination, the portion to be terminated.

c. If the federal award no longer effectuates the program goals or agency priorities. Under this provision, FEMA may terminate the award for these purposes if any of the following reasons apply:

i. If DHS/FEMA, in its sole discretion, determines that a specific award objective is ineffective at achieving program goals as described in this NOFO;

ii. If DHS/FEMA, in its sole discretion, determines that an objective of the award as described in this NOFO will be ineffective at achieving program goals or agency priorities;

iii. If DHS/FEMA, in its sole discretion, determines that the design of the grant program is flawed relative to program goals or agency priorities;

iv. If DHS/FEMA, in its sole discretion, determines that the grant program is not aligned to either the DHS Strategic Plan, the FEMA Strategic Plan, or successor policies or documents;

v. If DHS/FEMA, in its sole discretion, changes or re-evaluates the goals or priorities of the grant program and determines that the award will be ineffective at achieving the updated program goals or agency priorities; or

vi. For other reasons based on program goals or agency priorities described in the termination notice provided to the recipient pursuant to 2 C.F.R. § 200.341.

vii. If the awardee falls out of compliance with the Agency’s statutory or regulatory authority, award terms and conditions, or other applicable laws.

3. Termination of a Subaward by the Pass-Through Entity

The pass-through entity may terminate a subaward in whole or in part for one of the following reasons identified in 2 C.F.R. § 200.340:

a. If the subrecipient fails to comply with the terms and conditions of the federal award.

b. With the consent of the subrecipient, in which case the pass-through entity and the subrecipient must agree upon the termination conditions. These conditions include the effective date and, in the case of partial termination, the portion to be terminated.

c. If the pass-through entity's award has been terminated, the pass-through recipient will terminate its subawards.

4. Termination by the Recipient or Subrecipient

The recipient or subrecipient may terminate the federal award in whole or in part for the following reasons identified in 2 C.F.R. § 200.340: Upon sending FEMA or the pass-through entity a written notification of the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if FEMA or the pass-through entity determines that the remaining portion of the federal award will not accomplish the purposes for which the federal award was made, FEMA or the pass-through entity may terminate the federal award in its entirety.

5. Impacts of Termination

a. When FEMA terminates the federal award prior to the end of the period of performance due to the recipient's material failure to comply with the terms and conditions of the federal award, FEMA will report the termination in SAM.gov in the manner described at 2 C.F.R. § 200.340(c).

b. When the federal award is terminated in part or its entirety, FEMA or the pass-through entity and the recipient or subrecipient remain responsible for compliance with the requirements in 2 C.F.R. §§ 200.344 and 200.345.

6. Notification Requirements

FEMA or the pass-through entity must provide written notice of the termination in a manner consistent with 2 C.F.R. § 200.341. The federal award will be terminated on the date of the notification unless stated otherwise in the notification.

7. Opportunities to Object and Appeals

Where applicable, when FEMA terminates the federal award, the written notification of termination will provide the opportunity, and describe the process, to object and provide information challenging the action, pursuant to 2 C.F.R. § 200.342.

8. Effects of Suspension and Termination

	The allowability of costs to the recipient or subrecipient resulting from financial obligations incurred by the recipient or subrecipient during a suspension or after the termination of a federal award are subject to 2 C.F.R. § 200.343.
Article 59	**Non-Applicability of Specific Agreement Articles** Notwithstanding their inclusion in this award package, the following Agreement Article does not apply to this grant award: Termination of a Federal Award The intent of this provision is to clarify that Paragraph C.XL (Termination of a Federal Award) of the FY 2025 DHS Standard Terms and Conditions does not apply to this award. Instead, the Agreement Article titled “Termination of the Federal Award”, or “Termination of the Federal Award (Updated)” applies to this grant award.

Obligating document

1. Agreement No.	**2. Amendment No.**	**3. Recipient No.**	**4. Type of Action**	**5. Control No.**
EMW-2024-FG-05291	N/A	856000147	AWARD	WX02143N2025T

6. Recipient Name and Address	**7. Issuing FEMA Office and Address**	**8. Payment Office and Address**
CITY OF LAS CRUCES 700 N MAIN ST # 3134 LAS CRUCES, NM 88001	Grant Programs Directorate 500 C Street, S.W. Washington DC, 20528-7000 1-866-927-5646	FEMA, Financial Services Branch 500 C Street, S.W., Room 723 Washington DC, 20742

9. Name of Recipient Project Officer	**9a. Phone No.**	**10. Name of FEMA Project Coordinator**	**10a. Phone No.**
Ikani Taumoepeau	5755412000	Assistance to Firefighters Grant Program	1-866-274-0960

11. Effective Date of This Action	**12. Method of Payment**	**13. Assistance Arrangement**	**14. Performance Period**
09/23/2025	OTHER - FEMA GO	COST SHARING	09/30/2025 to 09/29/2027 **Budget Period** 09/30/2025 to 09/29/2027

15. Description of Action a. (Indicate funding data for awards or financial changes)

Program Name Abbreviation	**Assistance Listing No.**	**Accounting Data (ACCS Code)**	**Prior Total Award**	**Amount Awarded This Action + or (-)**	**Current Total Award**	**Cumulative Non-Federal Commitment**
FG	97.044	2025-FF-GB01 - P410-xxxx-4101-D	$0.00	$456,181.77	$456,181.77	$45,618.18
		Totals	$0.00	$456,181.77	$456,181.77	$45,618.18

b. To describe changes other than funding data or financial changes, attach schedule and check here:
N/A

~~16.FOR NON-DISASTER PROGRAMS: RECIPIENT IS REQUIRED TO SIGN AND RETURN THREE (3) COPIES OF THIS DOCUMENT TO FEMA (See Block 7 for address)~~

This field is not applicable for digitally signed grant agreements

17. RECIPIENT SIGNATORY OFFICIAL (Name and Title)	**DATE**
18. FEMA SIGNATORY OFFICIAL (Name and Title) **Stacey Street, Deputy Assistant Administrator Grants Program Directorate**	**DATE** **09/23/2025**

26-103

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:**	February 17, 2026
Drafter:	Vanessa Perez	**Department:**	Financial Services
Title:	**A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES (CITY) TO ACCEPT SECOND QUARTER BUDGET ADJUSTMENTS FOR VARIOUS CITY DEPARTMENTS THROUGH AN AMENDMENT TO THE CITY'S ADOPTED FISCAL YEAR (FY) 2025-26 BUDGET.**		

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

PURPOSE(S) OF ACTION:
To amend the FY2026 budget through various adjustments.

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:
City of Las Cruces (City) staff members have prepared a quarterly budget adjustment for the fiscal year starting July 1, 2025 through June 30, 2026. The budget adjustment includes funding for supplies, services, equipment, and projects to meet the demands of a growing community and to align budgets for effective and efficient City of Las Cruces operations.

The budget adjustments proposed within this Resolution will not deplete the City's 2/12ths reserve requirement for the General Fund.

SUPPORT INFORMATION:
Exhibit "A" - Fund Summaries
Attachment "A" - Budget Adjustment Summary

PLAN(S):
None

COMMITTEE/BOARD REVIEW:
None

DOES THIS AMEND THE BUDGET?:
☒ Yes
☐ No

BUDGET / FISCAL IMPACT:

BUDGETED AMOUNT: Various **AVAILABLE AMOUNT:** Various **EXPENDITURE AMOUNT:** Various

Funding Source(s):
Various

Overall Budget Impact:
Please refer to Exhibit "A" - Fund Summaries

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

OPTIONS / ALTERNATIVES:
1. Vote "Yes"; this will approve the Resolution and accept the budget adjustments as presented and will adjust the City's FY2025-26 budget.
2. Vote "No"; this will not approve the Resolution, will not accept the budget adjustments as presented, and will not adjust the City's FY2025-26 budget.
3. Vote to "Amend"; this will delay the process of spending the funds within the predetermined funding schedule and require direction to staff.
4. Vote to "Table"; this will impact the City's ability to utilize funds and may impact programs and services.

REFERENCE INFORMATION:
Attachment "A" - Budget Adjustment Summary

RESOLUTION 26-103

A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES (CITY) TO ACCEPT SECOND QUARTER BUDGET ADJUSTMENTS FOR VARIOUS CITY DEPARTMENTS THROUGH AN AMENDMENT TO THE CITY'S ADOPTED FISCAL YEAR (FY) 2025-26 BUDGET.

The City Council is informed that:

WHEREAS, City of Las Cruces (City) staff members have prepared a quarterly budget adjustment for the fiscal year starting July 1, 2025 through June 30, 2026; and

WHEREAS, the quarterly budget adjustment includes funding for supplies, services, equipment, and projects to meet the demands of a growing community and to align budgets for effective and efficient City operations; and

WHEREAS, this adjustment will not deplete the General Fund 2/12ths reserve requirement.

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

(I)

THAT the FY2026 second quarter budget adjustments as indicated in Exhibit "A", attached hereto and made a 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

			1000 GENERAL FUND 2025-26		
		Original Budget	Amended Budget	Req. Adjustment	Adjusted Budget
RESOURCES					
Beginning Balance	$	76,170,624	65,192,664	0	65,192,664
Revenues					
Municipal Gross Receipts Tax		55,085,239	63,618,909	0	63,618,909
Public Safety Gross Receipts Tax		4,880,700	5,596,283	0	5,596,283
Hold Harmless Replacement GRT		17,000,000	16,008,310	0	16,008,310
State-Shared Gross Receipts Tax		50,825,436	54,862,747	0	54,862,747
Environmental Gross Receipts Tax		2,259,525	0	2,259,525	2,259,525
County Environmental Gross Receipts Tax		0	0	0	0
Internet Sales Gross Receipts Tax		21,000	28,228	0	28,228
Gasoline Tax		0	0	0	0
Cannabis Excise Tax		750,000	592,149	0	592,149
Lodgers Tax		0	0	0	0
Property Taxes		14,957,286	14,957,286	0	14,957,286
Payment In Lieu of Property Tax		817,771	817,771	0	817,771
Franchise Fees		2,595,000	2,595,000	0	2,595,000
Payment In Lieu of Franchise Fees		1,446,584	1,446,584	0	1,446,584
Licenses, Fees & Permits		3,250,210	3,365,485	0	3,365,485
Convention Center Fee		0	0	0	0
Auto License - State Shared		0	0	0	0
Fines & Forfeitures		120,750	120,750	0	120,750
Charges For Services		7,186,977	7,873,532	2,183,514	10,057,046
Natural Gas Sales - Commodity		0	0	0	0
Motor Pool Maintenances Charges		0	0	0	0
Fuel Charges		0	0	0	0
Intergovernmental		5,133,474	4,904,260	0	4,904,260
Investment Income		0	0	0	0
Miscellaneous Revenues		190,745	190,746	0	190,746
Federal Grants		0	0	0	0
State Grants		0	0	0	0
Local Grants		0	0	0	0
Debt Service		0	0	0	0
Total Revenues		**166,520,697**	**176,978,040**	**4,443,039**	**181,421,079**
TOTAL RESOURCES	**$**	**242,691,321**	**242,170,704**	**4,443,039**	**246,613,743**
Expenditures					
General Government		5,691,810	5,691,810	0	5,691,810
Legislative		625,652	625,652	0	625,652
Municipal Court		2,078,721	2,078,721	0	2,078,721
City Manager-300		9,449,936	9,654,420	0	9,654,420
Legal		2,695,452	2,695,452	0	2,695,452
Las Cruces Police Department		41,095,936	41,069,046	0	41,069,046
Las Cruces Fire Department		31,139,578	32,584,042	1,027,356	33,611,398
Utilities		0	0	0	0
Economic Development		5,778,336	5,943,697	(1,858,015)	4,085,682
Assistant City Manager-400		0	0	0	0
Human Resources		3,333,275	3,333,275	0	3,333,275
Financial Services		7,963,871	7,963,871	0	7,963,871
Information Technology		7,541,061	8,584,506	0	8,584,506
Assistant City Manager-500		1,198,769	1,198,769	0	1,198,769
Parks & Recreation		20,374,203	20,754,100	62,056	20,816,156
Community Development		6,713,019	5,920,316	0	5,920,316
Quality of Life		11,320,216	10,753,576	82,500	10,836,076
Public Works		18,314,952	18,375,289	0	18,375,289
Legislative Reserve		0	0	0	0
Total Expenditures	**$**	**175,314,787**	**177,226,542**	**(686,103)**	**176,540,439**
Other Resources					
Operating Transfers In		0	1,519,754	602,618	2,122,372
Operating Transfers Out		(34,631,452)	(31,899,415)	(2,203,972)	(34,103,387)
Total Other Resources	**$**	**(34,631,452)**	**(30,379,661)**	**(1,601,354)**	**(31,981,015)**
Accrual Adjustments		0	0	0	0
ENDING BALANCE	**$**	**32,745,082**	**34,564,501**	**3,527,788**	**38,092,289**
Required Reserve:					
State Required 1/12th		14,609,566	14,768,879	(57,176)	14,711,703
Local CLC 1/12th		14,609,566	14,768,879	(57,176)	14,711,703
AVAILABLE BALANCE	**$**	**3,525,950**	**5,026,743**	**3,642,140**	**8,668,883**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	1030 ECONOMIC DEVELOPMENT 2025-26 Original Budget	Amended Budget	Req. Adjustment	Adjusted Budget
RESOURCES				
Beginning Balance	$ 1,449,312	1,657,565	0	1,657,565
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	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	0	0
Total Revenues	**0**	**0**	**0**	**0**
TOTAL RESOURCES	**$ 1,449,312**	**1,657,565**	**0**	**1,657,565**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	0	0	0	0
Economic Development	500,949	618,449	1,858,015	2,476,464
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	0	0	0	0
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	0	0	0	0
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 500,949**	**618,449**	**1,858,015**	**2,476,464**
Other Resources				
Operating Transfers In	0	0	1,858,015	1,858,015
Operating Transfers Out	0	0	0	0
Total Other Resources	**$ 0**	**0**	**1,858,015**	**1,858,015**
Accrual Adjustments	0	0	0	0
ENDING BALANCE	**$ 948,363**	**1,039,116**	**0**	**1,039,116**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	2100 SPECIAL REVENUE REIMB GRANTS 2025-26			
	Original Budget	Amended Budget	Req. Adjustment	Adjusted Budget
RESOURCES				
Beginning Balance	$ 249,231	277,288	0	277,288
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	182,000	207,500	0	207,500
Federal Grants	9,229,522	5,676,346	(1,913)	5,674,433
State Grants	4,573,536	18,331,581	(62,517)	18,269,064
Local Grants	0	805,000	0	805,000
Debt Service	0	0	0	0
Total Revenues	**13,985,058**	**25,020,427**	**(64,430)**	**24,955,997**
TOTAL RESOURCES	**$ 14,234,289**	**25,297,715**	**(64,430)**	**25,233,285**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	5,768,725	13,261,056	(62,517)	13,198,539
Legal	0	0	0	0
Las Cruces Police Department	1,581,852	1,456,574	(1,913)	1,454,661
Las Cruces Fire Department	568,629	1,769,941	0	1,769,941
Utilities	194,431	0	0	0
Economic Development	2,869,028	2,969,028	0	2,969,028
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	144,822	1,157,615	0	1,157,615
Information Technology	0	0	0	0
Assistant City Manager-500	512,696	1,148,866	0	1,148,866
Parks & Recreation	446,219	929,063	(510)	928,553
Community Development	400,000	400,000	0	400,000
Quality of Life	1,447,022	1,949,644	(72,491)	1,877,153
Public Works	51,638	51,638	0	51,638
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 13,985,062**	**25,093,425**	**(137,431)**	**24,955,994**
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	**$ 249,227**	**204,290**	**73,001**	**277,291**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	2440 PRISONER CARE 2025-26 Original Budget	Amended Budget	Req. Adjustment	Adjusted Budget
RESOURCES				
Beginning Balance	$ 646,428	513,398	0	513,398
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	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	0	0
Total Revenues	**0**	**0**	**0**	**0**
TOTAL RESOURCES	**$ 646,428**	**513,398**	**0**	**513,398**
Expenditures				
General Government	0	0	0	0
Legislative	500,000	500,000	600,000	1,100,000
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	0	0	0	0
Economic Development	0	0	0	0
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	0	0	0	0
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	0	0	0	0
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 500,000**	**500,000**	**600,000**	**1,100,000**
Other Resources				
Operating Transfers In	0	0	600,000	600,000
Operating Transfers Out	0	0	0	0
Total Other Resources	**$ 0**	**0**	**600,000**	**600,000**
Accrual Adjustments	0	0	0	0
ENDING BALANCE	**$ 146,428**	**13,398**	**0**	**13,398**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	2705 TELSHOR FACILITY 2025-26				
		Original Budget	Amended Budget	Req. Adjustment	Adjusted Budget
RESOURCES					
Beginning Balance	$	61,470,004	43,925,143	0	43,925,143
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		60,000	60,000	0	60,000
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		25,000	25,000	0	25,000
Federal Grants		0	0	0	0
State Grants		0	0	0	0
Local Grants		0	0	0	0
Debt Service		0	0	0	0
Total Revenues		**85,000**	**85,000**	**0**	**85,000**
TOTAL RESOURCES	**$**	**61,555,004**	**44,010,143**	**0**	**44,010,143**
Expenditures					
General Government		0	0	0	0
Legislative		0	0	0	0
Municipal Court		0	0	0	0
City Manager-300		15,162,198	13,476,198	0	13,476,198
Legal		0	0	0	0
Las Cruces Police Department		431,410	539,604	0	539,604
Las Cruces Fire Department		2,000,000	2,000,000	0	2,000,000
Utilities		0	0	0	0
Economic Development		0	0	0	0
Assistant City Manager-400		0	0	0	0
Human Resources		0	0	0	0
Financial Services		0	0	0	0
Information Technology		0	0	0	0
Assistant City Manager-500		0	0	0	0
Parks & Recreation		3,798,498	3,798,498	(132,541)	3,665,957
Community Development		0	0	0	0
Quality of Life		0	0	0	0
Public Works		95,300	1,081,917	0	1,081,917
Legislative Reserve		0	0	0	0
Total Expenditures	**$**	**21,487,406**	**20,896,217**	**(132,541)**	**20,763,676**
Other Resources					
Operating Transfers In		0	0	0	0
Operating Transfers Out		(1,301,766)	(1,596,747)	0	(1,596,747)
Total Other Resources	**$**	**(1,301,766)**	**(1,596,747)**	**0**	**(1,596,747)**
Accrual Adjustments		0	0	0	0
ENDING BALANCE	**$**	**38,765,832**	**21,517,179**	**132,541**	**21,649,720**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

		2780 GRIGGS WALNUT PLUME REMED 2025-26			
		Original Budget	Amended Budget	Req. Adjustment	Adjusted Budget
RESOURCES					
Beginning Balance	$	5,443,850	6,320,681	0	6,320,681
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		100,000	100,000	0	100,000
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		100,000	100,000	0	100,000
Miscellaneous Revenues		0	0	0	0
Federal Grants		0	0	0	0
State Grants		0	0	0	0
Local Grants		0	0	0	0
Debt Service		0	0	0	0
Total Revenues		**200,000**	**200,000**	**0**	**200,000**
TOTAL RESOURCES	**$**	**5,643,850**	**6,520,681**	**0**	**6,520,681**
Expenditures					
General Government		0	0	0	0
Legislative		0	0	0	0
Municipal Court		0	0	0	0
City Manager-300		0	0	0	0
Legal		0	0	0	0
Las Cruces Police Department		0	0	0	0
Las Cruces Fire Department		0	0	0	0
Utilities		1,807,293	1,807,293	0	1,807,293
Economic Development		0	0	0	0
Assistant City Manager-400		0	0	0	0
Human Resources		0	0	0	0
Financial Services		0	0	0	0
Information Technology		0	0	0	0
Assistant City Manager-500		0	0	0	0
Parks & Recreation		0	0	0	0
Community Development		0	0	0	0
Quality of Life		0	0	0	0
Public Works		0	0	0	0
Legislative Reserve		0	0	0	0
Total Expenditures	**$**	**1,807,293**	**1,807,293**	**0**	**1,807,293**
Other Resources					
Operating Transfers In		400,000	400,000	(200,000)	200,000
Operating Transfers Out		0	0	0	0
Total Other Resources	**$**	**400,000**	**400,000**	**(200,000)**	**200,000**
Accrual Adjustments		0	0	0	0
ENDING BALANCE	**$**	**4,236,557**	**5,113,388**	**(200,000)**	**4,913,388**

CITY OF LAS CRUCES
BUDGET ADJUSTMENT REQUEST
BUDGET FISCAL YEAR 2025-26

Exhibit "A"

	3294 2015B HOLD HARMLESS DS 2025-26 Original Budget	Amended Budget	Req. Adjustment	Adjusted Budget
RESOURCES				
Beginning Balance	$ 46,849	55,214	0	55,214
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	5,000	5,000	0	5,000
Miscellaneous Revenues	0	0	0	0
Federal Grants	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	0	0
Total Revenues	**5,000**	**5,000**	**0**	**5,000**
TOTAL RESOURCES	**$ 51,849**	**60,214**	**0**	**60,214**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	0	0	0	0
Economic Development	293,942	293,942	0	293,942
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	0	0	0	0
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	0	0	0	0
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 293,942**	**293,942**	**0**	**293,942**
Other Resources				
Operating Transfers In	294,200	294,200	4,328	298,528
Operating Transfers Out	0	0	0	0
Total Other Resources	**$ 294,200**	**294,200**	**4,328**	**298,528**
Accrual Adjustments	0	0	0	0
ENDING BALANCE	**$ 52,107**	**60,472**	**4,328**	**64,800**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

		3618 2008 NMFA GRIGGS WLNT PLUME DS 2025-26		
	Original Budget	Amended Budget	Req. Adjustment	Adjusted Budget
RESOURCES				
Beginning Balance	$ 616,516	646,660	0	646,660
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	10,000	10,000	0	10,000
Miscellaneous Revenues	0	0	0	0
Federal Grants	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	0	0
Total Revenues	**10,000**	**10,000**	**0**	**10,000**
TOTAL RESOURCES	**$ 626,516**	**656,660**	**0**	**656,660**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	92,644	92,644	0	92,644
Economic Development	0	0	0	0
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	0	0	0	0
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	0	0	0	0
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 92,644**	**92,644**	**0**	**92,644**
Other Resources				
Operating Transfers In	92,645	92,645	(54,043)	38,602
Operating Transfers Out	0	0	(602,618)	(602,618)
Total Other Resources	**$ 92,645**	**92,645**	**(656,661)**	**(564,016)**
Accrual Adjustments	0	0	0	0
ENDING BALANCE	**$ 626,517**	**656,661**	**(656,661)**	**(0)**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	3620 2020A NMFA FACILITY SSGRT 2025-26			
	Original Budget	**Amended Budget**	**Req. Adjustment**	**Adjusted Budget**
RESOURCES				
Beginning Balance	$ 109,493	103,233	0	103,233
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	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	0	0
Total Revenues	**0**	**0**	**0**	**0**
TOTAL RESOURCES	**$ 109,493**	**103,233**	**0**	**103,233**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	0	0	0	0
Economic Development	0	0	0	0
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	0	0	0	0
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	991,000	991,000	0	991,000
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 991,000**	**991,000**	**0**	**991,000**
Other Resources				
Operating Transfers In	988,334	988,334	174,250	1,162,584
Operating Transfers Out	0	0	0	0
Total Other Resources	**$ 988,334**	**988,334**	**174,250**	**1,162,584**
Accrual Adjustments	0	0	0	0
ENDING BALANCE	**$ 106,827**	**100,567**	**174,250**	**274,817**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	4005 COMMUNITY INVESTMENT PROJECTS 2025-26			
	Original Budget	**Amended Budget**	**Req. Adjustment**	**Adjusted Budget**
RESOURCES				
Beginning Balance	$ 1,733,857	1,461,515	0	1,461,515
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	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	0	0
Total Revenues	**0**	**0**	**0**	**0**
TOTAL RESOURCES	**$ 1,733,857**	**1,461,515**	**0**	**1,461,515**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	0	0	0	0
Economic Development	0	0	0	0
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	214,153	214,153	0	214,153
Parks & Recreation	1,091,020	1,091,020	0	1,091,020
Community Development	0	0	0	0
Quality of Life	88,837	88,837	0	88,837
Public Works	0	0	42,809	42,809
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 1,394,010**	**1,394,010**	**42,809**	**1,436,819**
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	**$ 339,847**	**67,505**	**(42,809)**	**24,696**

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	21,868,274	36,920,560	(242,009)	36,678,551
Local Grants	0	107,777	0	107,777
Debt Service	0	0	0	0
Total Revenues	**25,601,565**	**48,651,085**	**(242,009)**	**48,409,076**
TOTAL RESOURCES	**$ 25,601,565**	**48,651,085**	**(242,009)**	**48,409,076**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	6,212,832	9,801,607	0	9,801,607
Legal	0	0	0	0
Las Cruces Police Department	154,751	2,702,182	0	2,702,182
Las Cruces Fire Department	159,338	3,085,444	0	3,085,444
Utilities	0	0	0	0
Economic Development	1,710,644	2,412,365	0	2,412,365
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
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	23,736,440	(242,009)	23,494,431
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 25,601,565**	**48,651,085**	**(242,009)**	**48,409,076**
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)**

CITY OF LAS CRUCES
Exhibit "A"
BUDGET ADJUSTMENT REQUEST
BUDGET FISCAL YEAR 2025-26

	4107 PARK INFRASTRUCTURE IMPACT 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	325,515	325,515
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	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	0	0
Total Revenues	**0**	**0**	**325,515**	**325,515**
TOTAL RESOURCES	**$ 0**	**0**	**325,515**	**325,515**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	0	0	0	0
Economic Development	0	0	0	0
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	0	0	60,000	60,000
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	0	0	0	0
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 0**	**0**	**60,000**	**60,000**
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**	**265,515**	**265,515**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	4505 2015B HHS 2025-26 Original Budget	Amended Budget	Req. Adjustment	Adjusted Budget
RESOURCES				
Beginning Balance	$ 13,579	4,328	0	4,328
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	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	0	0
Total Revenues	**0**	**0**	**0**	**0**
TOTAL RESOURCES	**$ 13,579**	**4,328**	**0**	**4,328**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	0	0	0	0
Economic Development	0	0	0	0
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	0	0	0	0
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	0	0	0	0
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 0**	**0**	**0**	**0**
Other Resources				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	(4,328)	(4,328)
Total Other Resources	**$ 0**	**0**	**(4,328)**	**(4,328)**
Accrual Adjustments	0	0	0	0
ENDING BALANCE	**$ 13,579**	**4,328**	**(4,328)**	**(0)**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	4620 2020A NMFA FACILITY PROJECTS 2025-26 Original Budget	Amended Budget	Req. Adjustment	Adjusted Budget
RESOURCES				
Beginning Balance	$ 1,552,512	174,250	0	174,250
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	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	0	0
Total Revenues	**0**	**0**	**0**	**0**
TOTAL RESOURCES	**$ 1,552,512**	**174,250**	**0**	**174,250**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	0	0	0	0
Economic Development	0	0	0	0
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	500,001	0	0	0
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	478,010	0	0	0
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 978,011**	**0**	**0**	**0**
Other Resources				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	(174,250)	(174,250)
Total Other Resources	**$ 0**	**0**	**(174,250)**	**(174,250)**
Accrual Adjustments	0	0	0	0
ENDING BALANCE	**$ 574,501**	**174,250**	**(174,250)**	**0**

CITY OF LAS CRUCES
BUDGET ADJUSTMENT REQUEST
BUDGET FISCAL YEAR 2025-26

Exhibit "A"

	5420 WW WATER RECLAMATION PROJECT 2025-26			
	Original Budget	Amended Budget	Req. Adjustment	Adjusted Budget
RESOURCES				
Beginning Balance	$ 1,201,582	1,252,146	0	1,252,146
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	2,259,525	(2,259,525)	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	21,000	21,000	0	21,000
Miscellaneous Revenues	0	0	0	0
Federal Grants	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	0	0
Total Revenues	**21,000**	**2,280,525**	**(2,259,525)**	**21,000**
TOTAL RESOURCES	**$ 1,222,582**	**3,532,671**	**(2,259,525)**	**1,273,146**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	816,506	816,506	0	816,506
Economic Development	0	0	0	0
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	0	0	0	0
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	0	0	0	0
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 816,506**	**816,506**	**0**	**816,506**
Other Resources				
Operating Transfers In	1,000,000	0	0	0
Operating Transfers Out	0	0	0	0
Total Other Resources	**$ 1,000,000**	**0**	**0**	**0**
Accrual Adjustments	0	0	0	0
ENDING BALANCE	**$ 1,406,076**	**2,716,165**	**(2,259,525)**	**456,640**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

		5496 WW23 PROJECT 2025-26		
	Original Budget	**Amended Budget**	**Req. Adjustment**	**Adjusted Budget**
RESOURCES				
Beginning Balance	$ 14,767,934	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	0	0	0	0
State Grants	0	0	227,240	227,240
Local Grants	0	0	0	0
Debt Service	0	16,867,934	0	16,867,934
Total Revenues	**0**	**16,867,934**	**227,240**	**17,095,174**
TOTAL RESOURCES	**$ 14,767,934**	**16,867,934**	**227,240**	**17,095,174**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	0	0	0	0
Las Cruces Fire Department	0	0	0	0
Utilities	14,767,934	16,867,934	227,240	17,095,174
Economic Development	0	0	0	0
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	0	0	0	0
Community Development	0	0	0	0
Quality of Life	0	0	0	0
Public Works	0	0	0	0
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 14,767,934**	**16,867,934**	**227,240**	**17,095,174**
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**

CITY OF LAS CRUCES

Exhibit "A"

BUDGET ADJUSTMENT REQUEST

BUDGET FISCAL YEAR 2025-26

	7480 GIFTS AND MEMORIALS 2025-26			
	Original Budget	**Amended Budget**	**Req. Adjustment**	**Adjusted Budget**
RESOURCES				
Beginning Balance	$ 453,556	533,817	0	533,817
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	800	800	0	800
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	38,376	38,376	(5,317)	33,059
Federal Grants	0	0	0	0
State Grants	0	0	0	0
Local Grants	0	0	0	0
Debt Service	0	0	0	0
Total Revenues	**39,176**	**39,176**	**(5,317)**	**33,859**
TOTAL RESOURCES	**$ 492,732**	**572,993**	**(5,317)**	**567,676**
Expenditures				
General Government	0	0	0	0
Legislative	0	0	0	0
Municipal Court	0	0	0	0
City Manager-300	0	0	0	0
Legal	0	0	0	0
Las Cruces Police Department	500	500	0	500
Las Cruces Fire Department	0	0	0	0
Utilities	0	0	0	0
Economic Development	0	0	0	0
Assistant City Manager-400	0	0	0	0
Human Resources	0	0	0	0
Financial Services	0	0	0	0
Information Technology	0	0	0	0
Assistant City Manager-500	0	0	0	0
Parks & Recreation	0	15,000	0	15,000
Community Development	0	0	0	0
Quality of Life	261,171	394,483	0	394,483
Public Works	0	0	0	0
Legislative Reserve	0	0	0	0
Total Expenditures	**$ 261,671**	**409,983**	**0**	**409,983**
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	**$ 231,061**	**163,010**	**(5,317)**	**157,693**

ATTACHMENT "A"

FUND	FUND DESCRIPTION	DEPARTMENT	PROGRAM	TYPE	INCREASE AMOUNT	DECREASE AMOUNT	REASON
1000	GENERAL FUND	ECONOMIC DEVELOPMENT	BUSINESS DEVELOPMENT	EXPENSE		$ 1,858,015.22	To move LEDA-828 Productions funds from Fund 1000 into Fund 1030 for tracking and maintenance purposes.
1000	GENERAL FUND	FIRE & EMERGENCY SERVICES	EMERGENCY MEDICAL RESPONSE	EXPENSE	$ 232,086.48		To cover calendar 2025 year New Mexico Health Care Authority payments.
1000	GENERAL FUND	FIRE & EMERGENCY SERVICES	EMERGENCY MEDICAL RESPONSE	EXPENSE	$ 145,269.80		To cover calendar year 2026 Quarter 1 New Mexico Health Care Authority payment due on 4/30/26.
1000	GENERAL FUND	FIRE & EMERGENCY SERVICES	EMERGENCY MEDICAL RESPONSE	EXPENSE	$ 200,000.00		To cover the second half of the calendar year 2024 Public Consulting Group (PCG) payment.
1000	GENERAL FUND	FIRE & EMERGENCY SERVICES	EMERGENCY MEDICAL RESPONSE	EXPENSE	$ 250,000.00		To cover the entire calendar year 2025 Public Consulting Group (PCG) payments.
1000	GENERAL FUND	FIRE & EMERGENCY SERVICES	EMERGENCY MEDICAL RESPONSE	EXPENSE	$ 200,000.00		To cover calendar year 2026 Quarter 1 Public Consulting Group (PCG) payment.
1000	GENERAL FUND	PARKS & RECREATION	PLANNING & CONSTRUCTION	EXPENSE	$ 20,445.90		For a purchase order intended to fund the investigation of construction defects at the Skate Park is underfunded. This requested adjustment will restore the necessary funding to cover the professional services contract associated with the ongoing litigation.
1000	GENERAL FUND	PARKS & RECREATION	PLANNING & CONSTRUCTION	EXPENSE	$ 41,610.45		Increase will pay final invoice associated with the Highnoon Soccer Concession Remodel.
1000	GENERAL FUND	QUALITY OF LIFE	SENIOR NUTRITION	EXPENSE	$ 82,500.00		This request is to increase Sr. Nutrition's Food & Beverage by $165,000 to cover expenses for the remainder of the year.
1000	GENERAL FUND	FIRE & EMERGENCY SERVICES	EMERGENCY MEDICAL RESPONSE	REVENUE	$ 273,445.00		Increasing anticipated revenues to be received for ambulance services.
1000	GENERAL FUND	FIRE & EMERGENCY SERVICES	EMERGENCY MEDICAL RESPONSE	REVENUE	$ 1,784,468.58		Increasing anticipated revenues to be received from ambulance supplemental payment program.
1000	GENERAL FUND	FIRE & EMERGENCY SERVICES	EMERGENCY MEDICAL RESPONSE	REVENUE	$ 125,600.00		Fire Chief Services for Dona Ana County, expected to begin January 2026.
1000	GENERAL FUND	NON DEPARTMENT	NON SUBSECTION	REVENUE	$ 2,259,525.00		Correcting the EGRT adjustment processed on 01/20/26 based on updated information. The EGRT is not restricted to solid waste use and may be used for general purposes.
1000	GENERAL FUND	NON DEPARTMENT	NON SUBSECTION	TRANSFER	$ 1,858,015.22		To move LEDA-828 Productions funds from Fund 1000 into Fund 1030 for tracking and maintenance purposes.
1000	GENERAL FUND	NON DEPARTMENT	NON SUBSECTION	TRANSFER	$ 600,000.00		Prisoner Care will need extra funding to cover the expenses for the remainder of the year.
1000	GENERAL FUND	NON DEPARTMENT	NON SUBSECTION	TRANSFER		$ 200,000.00	Decrease the budget transfers for Fund 1000 to Fund 2780
1000	GENERAL FUND	NON DEPARTMENT	NON SUBSECTION	TRANSFER		$ 54,042.90	Reduce transfer from Fund 1000 to Fund 3618.
1000	WW WATER RECLAMATION PROJECT	UTILITIES	UTILITIES	TRANSFER	$ 602,618.00		Transferring available balance from Fund 3618 into Fund 1000.
1030	ECONOMIC DEVELOPMENT	ECONOMIC DEVELOPMENT	BUSINESS DEVELOPMENT	EXPENSE	$ 1,858,015.22		To move LEDA-828 Productions funds from fund 1000 into fund 1030 for tracking and maintenance purposes.
1030	ECONOMIC DEVELOPMENT	ECONOMIC DEVELOPMENT	ECONOMIC DEVELOPMENT	TRANSFER	$ 1,858,015.22		To move LEDA-828 Productions funds from Fund 1000 into Fund 1030 for tracking and maintenance purposes.
2100	SPECIAL REVENUE REIMBURSEMENT GRANTS	CITY MANAGER	HOUSING NEIGHBORHOOD SERVICES	EXPENSE		$ 62,517.03	Adjust FY26 budget to reflect accurate available balance.

ATTACHMENT "A"

FUND	FUND DESCRIPTION	DEPARTMENT	PROGRAM	TYPE	INCREASE AMOUNT	DECREASE AMOUNT	REASON
2100	SPECIAL REVENUE REIMBURSEMENT GRANTS	PARKS & RECREATION	YOUTH DEVELOPMENT & DIVERSION	EXPENSE		$ 510.00	Adjust FY26 budget to reflect accurate available balance.
2100	SPECIAL REVENUE REIMBURSEMENT GRANTS	POLICE	ADMINISTRATION-PD	EXPENSE		$ 1,013.95	Grant ended on 09/30/2025. Removing unspent budget in, in accordance with period of performance date.
2100	SPECIAL REVENUE REIMBURSEMENT GRANTS	POLICE	ADMINISTRATION-PD	EXPENSE		$ 25.43	Grant ended on 09/30/2025. Removing unspent budget in, in accordance with period of performance date.
2100	SPECIAL REVENUE REIMBURSEMENT GRANTS	POLICE	ADMINISTRATION-PD	EXPENSE		$ 873.59	Grant ended on 09/30/2025. Removing unspent budget in, in accordance with period of performance date.
2100	SPECIAL REVENUE REIMBURSEMENT GRANTS	QUALITY OF LIFE	SENIOR RECREATION	EXPENSE		$ 72,490.61	To remove budget from a Title III grant that was fully spent in FY25.
2100	SPECIAL REVENUE REIMBURSEMENT GRANTS	CITY MANAGER	HOUSING NEIGHBORHOOD SERVICES	REVENUE		$ 62,517.03	Adjust FY26 budget to reflect accurate available balance.
2100	SPECIAL REVENUE REIMBURSEMENT GRANTS	POLICE	ADMINISTRATION-PD	REVENUE		$ 1,013.95	Grant ended on 09/30/2025. Removing unspent budget in, in accordance with period of performance date.
2100	SPECIAL REVENUE REIMBURSEMENT GRANTS	POLICE	ADMINISTRATION-PD	REVENUE		$ 25.43	Grant ended on 09/30/2025. Removing unspent budget in, in accordance with period of performance date.
2100	SPECIAL REVENUE REIMBURSEMENT GRANTS	POLICE	ADMINISTRATION-PD	REVENUE		$ 873.59	Grant ended on 09/30/2025. Removing unspent budget in, in accordance with period of performance date.
2440	PRISONER CARE	MAYOR AND COUNCIL ADMIN	NON SUBSECTION	EXPENSE	$ 600,000.00		Prisoner Care will need extra funding to cover the expenses for the remainder of the year.
2440	PRISONER CARE	NON DEPARTMENT	NON SUBSECTION	TRANSFER	$ 600,000.00		Prisoner Care will need additional budget to cover the expenses for the remainder of the year.
2705	TELSHOR FACILITY	PARKS & RECREATION	PARKS	EXPENSE	$ 599,536.16		$2,550,000 was allocated in FY25 for Legacy Parks. The amount that was carried over was $1,919,131, but the current available balance is $2,518,667.16. Adjusting budget to actuals.
2705	TELSHOR FACILITY	PARKS & RECREATION	CONSTRUCTION MAINTENANCE	EXPENSE		$ 732,076.88	Adjusting budget to reflect accurate avaialble balance for an allocation for Playground Renovations is $1,147,290.19.
2780	GRIGGS WALNUT PLUME REMED	NON DEPARTMENT	NON SUBSECTION	TRANSFER		$ 200,000.00	Decrease the budget transfers from Fund 1000 (General Fund) to Fund 2780
3294	2015B HOLD HARMLESS DS	NON DEPARTMENT	NON SUBSECTION	TRANSFER	$ 4,327.54		Project has been completed and remaining balance needs to be transferred to Debt Service Fund.
3618	2008 NMFA GRIGGS WLNT PLUME DS	NON DEPARTMENT	NON SUBSECTION	TRANSFER		$ 54,042.90	Reduce transfer from Fund 1000 to Fund 3618.
3618	2008 NMFA GRIGGS WLNT PLUME DS	NON DEPARTMENT	NON SUBSECTION	TRANSFER	$ 602,618.00		Transfer available balance to Fund 1000.
3620	2020A NMFA FACILITY SSGRT	NON DEPARTMENT	NON SUBSECTION	TRANSFER	$ 174,249.99		Project has been completed and the remaining balance will be received from Fund 4620 (2020A NMFA Facility Projects)
4005	COMMUNITY INVESTMENT PROJECTS	PUBLIC WORKS	CONSTRUCTION MANAGEMENT	EXPENSE	$ 42,808.56		Request to carryover funds that were not expended in FY25 for Branigan Culture Center Improvements project.
4100	CAPITAL PROJECTS REIMBURSEMENT GRANTS	PUBLIC WORKS	ARCHITECTURAL MANAGEMENT	EXPENSE		$ 18,009.18	The grant associated with this account was fully expended in FY2025, reducing budget.
4100	CAPITAL PROJECTS REIMBURSEMENT GRANTS	PUBLIC WORKS	ARCHITECTURAL MANAGEMENT	EXPENSE		$ 224,000.00	Reducing budget to correct a duplicate entry made in a prior month.
4100	CAPITAL PROJECTS REIMBURSEMENT GRANTS	PUBLIC WORKS	ARCHITECTURAL MANAGEMENT	REVENUE		$ 18,009.18	The grant associated with this account was fully expended in FY2025, reducing budget.

FUND	FUND DESCRIPTION	DEPARTMENT	PROGRAM	TYPE	INCREASE AMOUNT	DECREASE AMOUNT	REASON
4100	CAPITAL PROJECTS REIMBURSEMENT GRANTS	PUBLIC WORKS	ARCHITECTURAL MANAGEMENT	REVENUE		$ 224,000.00	Reducing budget to correct a duplicate entry made in a prior month.
4107	PARK INFRASTRUCTURE IMPACT	PARKS & RECREATION	PARKS & RECREATION	EXPENSE	$ 60,000.00		To fill a funding gap associated with a project on a tight timeline. The Tortugas/Dona Ana Move Trail requires additional funds to complete Phase 1.
4107	PARK INFRASTRUCTURE IMPACT	PARKS & RECREATION	PARKS & RECREATION	REVENUE	$ 325,515.00		Adjusting budget to reflect actual revenues received as of January 2026.
4505	2015B HHS	NON DEPARTMENT	NON SUBSECTION	TRANSFER	$ 4,327.54		Project has been completed and the remaining balance needs to be transferred to Debt Service Fund 3294.
4620	2020A NMFA FACILITY PROJECTS	NON DEPARTMENT	NON SUBSECTION	TRANSFER	$ 174,249.99		Project has been completed and the remaining balance will be transferred to Fund 3620 (2020 NMFA Facility SSGRT)
5420	WW WATER RECLAMATION PROJECT	NON DEPARTMENT	NON SUBSECTION	REVENUE		$ 2,259,525.00	Correcting the EGRT adjustment processed on 01/20 based on updated information. The EGRT is not restricted to solid waste use and may be used for general purposes.
5496	WW23 PROJECT	UTILITIES	TECHNICAL SUPPORT	EXPENSE	$ 227,240.00		The period of performance on this grant was extended. Adjusting budget to reflect accurate remaining balance
5496	WW23 PROJECT	UTILITIES	TECHNICAL SUPPORT	REVENUE	$ 227,240.00		The period of performance on this grant was extended. Adjusting budget to reflect accurate remaining balance
7480	GIFTS AND MEMORIALS	QUALITY OF LIFE	LIBRARY PROGRAMS	REVENUE		$ 5,316.77	Genealogy Library Fund: Revenue was received in FY25 and will not be received in FY26. Removing revenue budgeted.

3108; Council Bill 26-016

Type of Action:
☐ Resolution
☒ Ordinance
☐ TIDD Resolution

City Council Action and Executive Summary

District:	☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☒ N/A		
1st Reading:	February 2, 2026	**Adopted:**	February 17, 2026
Drafter:	Christine Rivera	**Department:**	City Manager's Office
Title:	AN ORDINANCE AMENDING CHAPTER 2, ARTICLE IV, DIVISION 3, SUBDIVISION XIV. VETERANS ADVISORY BOARD OF THE LAS CRUCES MUNICIPAL CODE (LCMC) REGARDING MEMBERSHIP.		

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

PURPOSE(S) OF ACTION:
To amend the membership of the Veterans Advisory Board.

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:
The Veteran's Advisory Board was created in 1994 via Resolution No. 94-285. In 2002, it was established as a non-standard board in the Las Cruces Municipal Code via Ordinance No. 1850. The membership of the board has changed over the years to align with specific veteran associations. It has become difficult in recent years to recruit for association specific seats and would be more beneficial for the city and the board to have at-large seats.

SUPPORT INFORMATION:
Exhibit "A" Veterans_Advisory_Board - Clean
Attachment "A" Veterans_Advisory_Board Redline Version

PLAN(S):
None

COMMITTEE/BOARD REVIEW:
VAB

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 changes to the membership on the Veterans Advisory Board.
2. Vote "No"; this will not approve the changes and the membership will remain the same.
3. Vote to "Amend"; this will require direction to staff.
4. Vote to "Table"; this will delay changes to the membership.

REFERENCE INFORMATION:

Resolution No. 94-285
Ordinance No. 1850
Ordinance No. 2129
Ordinance No. 2220
Ordinance No. 2512
Ordinance No. 2710
Ordinance No. 2748
Ordinance No. 2784

ORDINANCE 3108; COUNCIL BILL 26-016

AN ORDINANCE AMENDING CHAPTER 2, ARTICLE IV, DIVISION 3, SUBDIVISION XIV. VETERANS ADVISORY BOARD OF THE LAS CRUCES MUNICIPAL CODE (LCMC) REGARDING MEMBERSHIP.

The City Council is informed that:

WHEREAS, the Veteran's Advisory Board has historically had veteran association specific seats; and

WHEREAS, it has become difficult to fill vacancies for veteran association specific seats; and

WHEREAS, the desire is to change the seats to at-large positions.

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

(I)

THAT the Veteran's Advisory Board membership shall be updated as noted in Exhibit "A" and attached hereto and made part of this ordinance.

(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

Subdivision XIV. Veterans Advisory Board

Sec. 2-570. Established.

The veterans advisory board was established in 1994.

(Ord. No. 2814, § II(Exh. A), 5-15-17)

Sec. 2-571. Duties.

The veterans advisory board shall advise the city council on matters affecting veterans and propose solutions to alleviate or remedy the needs of local veterans and to recognize the contributions local veterans have made. The veterans advisory board may organize annual ceremonies to be conducted at the Veterans Memorial Park.

(Ord. No. 2814, § II(Exh. A), 5-15-17)

Sec. 2-572. Membership.

The veterans advisory board shall be made up of 13 members. All members must be veterans residing in the county. All members appointed shall be at large with no more than one member per organization. In the event of a vacancy, City staff shall meet and confer with the City's board liaison regarding replacement nominations.

White Sands Missile Range and a representative of the state department of veterans' service will be invited to provide an ex-officio nonvoting member on the board. Representatives of each local office of federal senators and congress members, and state legislators will be invited to attend meetings.

(Ord. No. 2814, § II(Exh. A), 5-15-17)

Sec. 2-573. Appointment of members.

The mayor, with the advice and consent of the city council, shall appoint all members from applications submitted to the city.

(Ord. No. 2814, § II(Exh. A), 5-15-17)

Sec. 2-574. Nonstandard board; terms.

This shall be a nonstandard board according to the city board ordinance. The terms of the board members shall be for four years.

The terms of the present board members shall continue until their expiration.

(Ord. No. 2814, § II(Exh. A), 5-15-17)

Sec. 2-575. Meetings.

(a) Meetings of the veterans advisory board shall be conducted in accordance with Robert's Rules of Order.

(b) Meetings shall be conducted monthly unless modified by a majority vote of the board.

(Ord. No. 2814, § II(Exh. A), 5-15-17)

Sec. 2-576. Veterans Memorial Park.

All matters of physical changes to Veterans Memorial Park shall be submitted to the veterans advisory board for review and recommendation to the facilities department and public service department prior to submission to the city council for approval.

(Ord. No. 2814, § II(Exh. A), 5-15-17)

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~~There shall be one voting member each who represents veterans' organizations. These organizations shall be the American Legion Post 10, Veterans of Foreign Wars Post 3242, Veterans of Foreign Wars Post 6917, Veterans of Foreign Wars Post 10124, Disabled American Veterans Chapter 10, Military Officers Association of America, Mesilla Valley Chapter, Marine Corps League, El Perro Diablo Chapter, Vietnam Veterans of America, Chapter 431, Special Forces Association, Chapter 80, Military Order of the Purple Heart Mesilla Valley #2004 and an established veteran organization as approved by the board members~~.

~~There will be two voting members designated as members-at-large.~~

White Sands Missile Range and a representative of the state department of veterans' service will be invited to provide an ex-officio nonvoting member on the board. Representatives of each local office of federal senators and congress members, and state legislators will be invited to attend meetings.

(Ord. No. 2814, § II(Exh. A), 5-15-17)

Sec. 2-573. Appointment of members.

The mayor, with the advice and consent of the city council, shall appoint ~~ten members from names solicited from the local veterans' organizations. The mayor, with the advice and consent of the city council, shall appoint the two veteran members who are unaffiliated from the veterans' organizations listed in section 2-977~~ all members from applications submitted to the city.

(Ord. No. 2814, § II(Exh. A), 5-15-17)

Sec. 2-574. Nonstandard board; terms.

This shall be a nonstandard board according to the city board ordinance. The terms of the board members shall be for four years.

The terms of the present board members shall continue until their expiration. ~~All alternate positions are eliminated on adoption of this subdivision. The terms of the two at-large members shall be appointed on a staggered basis, with the first appointee expiring in four years and the second appointee expiring in three years. After the initial appointments, the terms of office will be for four years.~~

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