

USDA
Form RD 1942-47
(Rev. 12-97)

LOAN RESOLUTION
(Public Bodies)

FORM APPROVED
OMB NO. 0575-0015

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF GRANT, NEW MEXICO
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING
A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
WASTEWATER SYSTEM IN THE NORTH HURLEY SERVICE AREA
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the COUNTY OF GRANT, NEW MEXICO
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of
THREE HUNDRED THIRTY-NINE THOUSAND DOLLARS (\$339,000)

pursuant to the provisions of SECTIONS 4-62-1 THROUGH 4-62-10, NMSA 1978; and

WHEREAS, the Association intends to obtain assistance from the Rural Housing Service, Rural Business - Cooperative Service, Rural Utilities Service, or their successor Agencies with the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U. S. C. 1983 (c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$ 10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contract or agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by the Government. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established and maintained, disbursements from that account may be used when necessary for payments due on the bond if sufficient funds are not otherwise available. With the prior written approval of the Government, funds may be withdrawn for:
 - (a) Paying the cost of repairing or replacing any damage to the facility caused by catastrophe.
 - (b) Repairing or replacing short-lived assets.
 - (c) Making extensions or improvements to the facility.

Any time funds are disbursed from the reserve account, additional deposits will be required until the reserve account has reached the required funded level.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain the Government's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 980,000

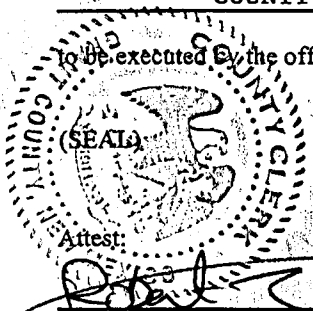
under the terms offered by the Government; that the CHAIRMAN
 and COUNTY MANAGER of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee

The vote was: Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the BOARD OF COUNTY COMMISSIONERS of the
COUNTY OF GRANT, NEW MEXICO has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 27th day of August, 2013.



Attest:

[Signature]

COUNTY CLERK
 Title

GRANT COUNTY, NEW MEXICO

By [Signature]
 Title CHAIRMAN

United States Department of Agriculture
CPAP - Community Program Application Processing

CPAP - Bond Schedule Detail

Name of Borrower: Grant County						
Amount of Loan	339000	Annual Interest Rate	0.0275			
Number of Initial Interest Only Payments	0	Number of principal and/or Interest Payments	40			
Payment Frequency	Annual	This is a split payment bond.	No			
Principal Payment Units	1000	Interest Payment Units.	10			
Year	Period	Number	Payment	Interest	Principal	Balance
2014	1	1	14320	9320	5000	334000
2015	1	2	14180	9180	5000	329000
2016	1	3	14040	9040	5000	324000
2017	1	4	13910	8910	5000	319000
2018	1	5	13770	8770	5000	314000
2019	1	6	13630	8630	5000	309000
2020	1	7	14490	8490	6000	303000
2021	1	8	14330	8330	6000	297000
2022	1	9	14160	8160	6000	291000
2023	1	10	14000	8000	6000	285000
2024	1	11	13830	7830	6000	279000
2025	1	12	13670	7670	6000	273000
2026	1	13	14500	7500	7000	266000
2027	1	14	14310	7310	7000	259000
2028	1	15	14120	7120	7000	252000
2029	1	16	13930	6930	7000	245000
2030	1	17	13730	6730	7000	238000
2031	1	18	14540	6540	8000	230000
2032	1	19	14320	6320	8000	222000
2033	1	20	14100	6100	8000	214000
2034	1	21	13880	5880	8000	206000
2035	1	22	13660	5660	8000	198000
2036	1	23	14440	5440	9000	189000
2037	1	24	14190	5190	9000	180000
2038	1	25	13950	4950	9000	171000
2039	1	26	13700	4700	9000	162000
2040	1	27	14450	4450	10000	152000
2041	1	28	14180	4180	10000	142000
2042	1	29	13900	3900	10000	132000
2043	1	30	13630	3630	10000	122000
2044	1	31	14350	3350	11000	111000
2045	1	32	14050	3050	11000	100000

2046	1	33	13750	2750	11000	89000
2047	1	34	14440	2440	12000	77000
2048	1	35	14110	2110	12000	65000
2049	1	36	13780	1780	12000	53000
2050	1	37	14450	1450	13000	40000
2051	1	38	14100	1100	13000	27000
2052	1	39	13740	740	13000	14000
2053	1	40	14380	380	14000	0
TOTALS			\$563,010.00	\$224,010.00	\$339,000.00	

Warning: This schedule is an estimate of payments. Rural Development calculates interest amounts and principle reduction as of the date the payment is processed. Because over the life of the loan payments will be processed on dates other than the due date, the actual interest amounts and principle reduction will not match the schedule provided here.