

STATE OF NEW MEXICO  
GRANT COUNTY

The Board of County Commissioners (the "Governing Body") of Grant County, New Mexico, met in regular session in full conformity with law and the rules and regulations of the Governing Body at 1400 Highway 180 East, in Silver City, New Mexico on the 17th day of March, 2016, at the hour of 9:00 a.m. Upon roll call, the following members were found to be present:

Present:

Hall

Kustan

Absent:

Ramos

Also Present:



Thereupon, there was officially filed with the County Clerk a copy of a proposed resolution in final form.

GRANT COUNTY, NEW MEXICO  
RESOLUTION NO. R-16-17

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND INTERCEPT AGREEMENT BY AND BETWEEN GRANT COUNTY, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY, IN THE PRINCIPAL AMOUNT OF \$115,513 FOR THE PURPOSE OF FINANCING THE PURCHASE OF CONSTRUCTION MATERIALS FOR A ROAD IMPROVEMENT PROJECT IN LOMA VERDE ESTATES SUBDIVISION WITHIN THE GEOGRAPHIC LIMITS OF THE GOVERNMENTAL UNIT AND PAYING A LOAN PROCESSING FEE, AND EVIDENCING THE SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO REPAY THE PRINCIPAL AMOUNT OF \$115,513, TOGETHER WITH INTEREST THEREON; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE FIRST INCREMENT OF COUNTY GROSS RECEIPTS TAX REVENUES IMPOSED PURSUANT TO SECTION 7-20E-9, NMSA 1978, AS AMENDED AND DISTRIBUTED TO THE GOVERNMENTAL UNIT BY THE STATE TAXATION AND REVENUE DEPARTMENT, AND FROM THE SPECIAL ASSESSMENTS LEVIED WITHIN THE LOMA VERDE ESTATES SUBDIVISION IMPROVEMENT DISTRICT; PROVIDING FOR THE DISTRIBUTION OF COUNTY GROSS RECEIPTS TAX REVENUES TO BE REDIRECTED BY THE STATE TAXATION AND REVENUE DEPARTMENT TO THE NEW MEXICO FINANCE AUTHORITY OR ITS ASSIGNS FOR THE PAYMENT OF PRINCIPAL AND INTEREST DUE ON THE LOAN AGREEMENT PURSUANT TO AN INTERCEPT AGREEMENT; PROVIDING FOR THE COLLECTION OF IMPROVEMENT DISTRICT SPECIAL ASSESSMENTS; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT AND INTERCEPT AGREEMENT.

Capitalized terms used in the following recitals have the same meaning as defined in Section 1 of this Resolution unless the context requires otherwise.

WHEREAS, the Governmental Unit is a legally and regularly created, established, organized and existing county under the general laws of the State; and

WHEREAS, the Governing Body has determined and hereby determines that the Project may be financed with amounts borrowed under the Loan Agreement and that it is in the best interest of the Governmental Unit and its residents that the Loan Agreement and Intercept Agreement be executed and delivered and that the financing of the acquisition of the Project take place by executing and delivering the Loan Agreement and Intercept Agreement; and

WHEREAS, pursuant to the Act, the Governmental Unit has by the Tax Ordinance imposed the first one-eighth of one percent increment of County Gross Receipts Tax on the gross receipts of all persons engaging in business within the Governmental Unit, which provides for a portion of the Pledged Revenues; and

WHEREAS, pursuant to the Act, the Governmental Unit has created the District.

WHEREAS, the Governing Body has provided for and ordered the Improvements in the District and has levied valid assessments to defray the cost of the Improvements; all pursuant to and in conformity with the Act; and

WHEREAS, the Governing Body has determined that the total cost of making the Improvements of no more than \$115,513 including all advertising, appraising, engineering, legal, financial, costs of entering into the Loan Agreement and other proper incidental costs and fees, shall be paid by assessments on the tracts, parcels and lots of property within the District specially benefited by the Improvements in accordance with the Act; and

WHEREAS, the Governing Body imposed a lien, by adopting the Assessing Ordinance, upon all the tracts, parcels and lots of property within the District specially benefited by the Improvements which lien may be paid in full by the owners of the benefited property; and

WHEREAS, pursuant to Section 4-55A-20(A) NMSA 1978, the Governmental Unit has determined to issue, in the name of the Governmental Unit, bonds in the form of the Loan Agreement in an amount not exceeding the total of the assessments pledged thereto and maturing not more than twenty (20) years after the Closing Date thereof; and

WHEREAS, the Governing Body has determined pursuant to the Act that it may lawfully pledge the Pledged Revenues for the payment of amounts due under the Loan Agreement; and

WHEREAS, other than as described in Exhibit "A" to the Loan Agreement, the Pledged Revenues have not been pledged or hypothecated in any manner or for any purpose to secure the payment of any obligation, which is currently outstanding; and

WHEREAS, the Loan Agreement shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues, and shall not constitute a general obligation of the Governmental Unit, or a debt or pledge of the full faith and credit of the Governmental Unit or the State; and

WHEREAS, the Loan Agreement shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues, and shall not constitute a general obligation of the Governmental Unit, or a debt or pledge of faith and credit of the Governmental Unit or the State; and

WHEREAS, the Governmental Unit desires to provide that distributions of the Gross Receipts Tax Revenues be redirected or paid directly to the Finance Authority or its assigns pursuant to an Intercept Agreement between the Governmental Unit and the Finance Authority (the "Intercept Agreement") for the payment of amounts due under the Loan Agreement; and

WHEREAS, other than the Pledged Revenues, no tax revenues collected by the Governmental Unit shall be pledged to the Loan Agreement; and

WHEREAS, the Loan Agreement shall be executed and delivered pursuant to Section 4-62-1 through 4-62-10, NMSA 1978, as amended, and with an irrevocable first lien, but not necessarily an exclusive first lien, on the Pledged Revenues; and

WHEREAS, there have been presented to the Governing Body and there presently are on file with the County Clerk, this Resolution and the forms of the Loan Agreement and Intercept Agreement, which are incorporated by reference and considered to be a part hereof; and

WHEREAS, the Governing Body hereby determines that the Project to be financed by the Loan is to be used for governmental purposes of the Governmental Unit and will not be used for purposes which would cause the Loan Agreement to be deemed a "private activity bond" as defined by the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Governing Body intends by this Resolution to authorize the execution and delivery of the Loan Agreement in the amount and for the purposes set forth herein; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use and pledge of the Pledged Revenues to the Finance Authority (or its assigns) for the payment of the amounts due under the Loan Agreement, (ii) the use of the proceeds of the Loan Agreement to finance the Project, and (iii) the authorization, execution and delivery of the Loan Agreement and Intercept Agreement which are required to have been obtained by the date of this Resolution, have been obtained or are reasonably expected to be obtained.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF GRANT COUNTY, NEW MEXICO:

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

"Act" means the general laws of the State, including Sections 4-55A-1 through 4-55A-43, 4-62-1 through 4-62-10, 7-20E-9, NMSA 1978, as amended, and enactments of the Governing Body relating to the Loan Agreement and Intercept Agreement, including this Resolution.

"Aggregate Annual Debt Service Requirement" means the total principal and interest payments due and payable pursuant to the Loan Agreement and on all Parity Obligations secured by a pledge of the Pledged Revenues for any one Fiscal Year.

"Assessing Ordinance" means Ordinance No. O-16-02 adopted by the Governing Body on February 18, 2016, levying the assessments against the tracts or parcels of property within the District specifically benefited by the Improvements.

"Assessment Revenues" means the moneys collected from the District special assessments levied from and after February 18, 2016 to pay for the Improvements and all amounts on deposit in the Finance Authority Debt Service Account (including proceeds of foreclosure, as set forth in Sections 11 and 12 of this Resolution).

"Authorized Officers" means the Chairman or Vice-Chairman of the Governing Body, the County Manager, the County Treasurer and the County Clerk.

**“Bonds”** means public project revolving fund revenue bonds, if any, issued hereafter by the Finance Authority to fund or reimburse the Loan Agreement.

**“Closing Date”** means the date of execution, delivery and funding of the Loan Agreement.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

**“Completion Date”** means the date of final payment of the cost of the Project.

**“Distributing State Agency”** means the department or agency of the State, as described on the Term Sheet, authorized to distribute the Gross Receipts Tax Revenues on behalf of the Governmental Unit.

**“District”** means the Loma Verde Subdivision Estates Improvement District created by Resolution No. R-15-24 adopted by the Governing Body on July 23, 2015.

**“Expenses”** means the cost of issuance of the Loan Agreement and the costs of issuance of the Bonds, if any, and the periodic and regular fees and expenses incurred by the Finance Authority in administering the Loan Agreement, including legal fees.

**“Finance Authority”** means the New Mexico Finance Authority.

**“Finance Authority Debt Service Account”** means the debt service account in the name of the Governmental Unit established under the Indenture and held by the Finance Authority to pay principal and interest, if any, on the Loan Agreement as the same become due.

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

**“Governing Body”** means the Board of County Commissioners of the Governmental Unit, or any future successor governing body of the Governmental Unit.

**“Governmental Unit”** means Grant County, New Mexico.

**“Gross Receipts Tax Revenues”** means the revenues of the first one-eighth of one percent increment (0.125%) of County Gross Receipts Tax enacted pursuant to Section 7-20E-9, NMSA 1978 and an Ordinance passed and approved pursuant to the Act by the Governmental Unit on June 23, 1987, with an effective date of January 1, 1988, which distributions are made monthly by the New Mexico Taxation and Revenue Department.

**“Herein,” “hereby,” “hereunder,” “hereof,” “hereinabove” and “hereafter”** refer to this entire Resolution and not solely to the particular section or paragraph of this Resolution in which such word is used.

**“Improvements”** means the improvement of roads within the District.

**“Indenture”** means the General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented, by and between the Finance Authority and the Trustee, or successor trustee, or the Subordinated General Indenture of Trust dated as of March 1, 2005, as supplemented, by and between the Finance Authority and the Trustee, or successor trustee, as determined by the Finance Authority pursuant to a Pledge Notification or Supplemental Indenture (as defined in the Indenture).

**“Intercept Agreement”** means the Intercept Agreement, dated the Closing Date, between the Governmental Unit and Finance Authority providing for the direct payment by the Governmental Unit or the Distributing State Agency to the Finance Authority of Gross Receipts Tax Revenues in amounts sufficient to pay principal and interest due on the Loan Agreement, and any amendments or supplements to the Intercept Agreement.

**“Loan”** means the funds to be loaned to the Governmental Unit by the Finance Authority pursuant to the Loan Agreement.

**“Loan Agreement”** means the Loan Agreement dated the Closing Date between the Finance Authority and the Governmental Unit which provides for the financing of the Project and requires payments by or on behalf of the Governmental Unit to the Finance Authority and/or the Trustee and any amendments or supplements thereto, and including the exhibits attached to the Loan Agreement.

**“NMSA”** means the New Mexico Statutes Annotated, 1978 compilation, as amended and supplemented.

**“Parity Obligations”** means the Loan Agreement and any other obligations, now or hereafter issued or incurred, payable from or secured by a lien or pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on parity with the Loan Agreement, including those obligations described on the Term Sheet.

**“Pledged Revenues”** means the Gross Receipts Tax Revenues and the Assessment Revenues.

**“Processing Fee”** means the processing fee to be paid on the Closing Date by the Governmental Unit to the Finance Authority for the costs of originating and servicing the loan, as shown on the Term Sheet.

**“Program Account”** means the account in the name of the Governmental Unit established under the Indenture and held by the Trustee for deposit of the net proceeds of the Loan Agreement for disbursement to the Governmental Unit for payment of the costs of the Project.

**“Project”** means the purchase of construction materials for the Improvements, as described in the Term Sheet.

**“Resolution”** means this Resolution No. R-16-17, adopted by the Governing Body on March 17, 2016 approving the Loan Agreement and the Intercept Agreement and pledging the Pledged Revenues to the payment of the Loan Agreement as shown on the Term Sheet, as supplemented and amended from time to time.

“State” means the State of New Mexico.

“Tax Ordinance” means an Ordinance passed and approved by the Governmental Unit pursuant to the Act on June 23, 1987, which imposed the first one-eighth of one percent increment of the County Gross Receipts Tax on the gross receipts of persons engaging in business within the Governmental Unit.

“Term Sheet” means Exhibit “A” to the Loan Agreement.

“Trustee” means BOKF, NA, Albuquerque, New Mexico, or any successor trustee company, national or state banking association or financial institution at the time appointed Trustee by the Finance Authority.

Section 2. Ratification. All actions heretofore taken (not inconsistent with the provisions of this Resolution) by the Governing Body and officers of the Governmental Unit directed toward (i) the acquisition of the Project, (ii) the execution and delivery of the Loan Agreement and the Intercept Agreement, (iii) performing all prerequisites to and the levying of the District special assessments, (iv) fixing and perfecting the assessment lien against the tracts and parcels of property in the District, be, and the same hereby are, ratified, approved and confirmed.

Section 3. Authorization of the Project, the Loan Agreement and the Intercept Agreement. The acquisition of the Project and the method of financing the Project through execution and delivery of the Loan Agreement and the Intercept Agreement are hereby authorized and ordered. The Project is for the benefit and use of the Governmental Unit.

Section 4. Findings. The Governmental Unit hereby declares that it has considered all relevant information and data and hereby makes the following findings:

A. The Project is needed to meet the needs of the Governmental Unit and its residents and the issuance and delivery of the Loan Agreement is necessary and advisable.

B. Moneys available and on hand for the Project from all sources other than the Loan are not sufficient to defray the cost of acquiring the Project.

C. The Pledged Revenues may lawfully be pledged to secure the payment of amounts due under the Loan Agreement.

D. It is economically feasible to defray, in whole or in part, the costs of the Project by the execution and delivery of the Loan Agreement.

E. The Project and the execution and delivery of the Loan Agreement and the Intercept Agreement pursuant to the Act to provide funds for the financing of the Project are necessary and in the interest of the public health, safety and welfare of the residents of the Governmental Unit.

F. The Governmental Unit will acquire the Project, in whole or in part, with the net proceeds of the Loan.

G. Other than as described in the Term Sheet, the Governmental Unit does not have any outstanding obligations payable from Pledged Revenues which it has incurred or will incur prior to the initial execution and delivery of the Loan Agreement and the Intercept Agreement.

H. The net effective interest rate on the Loan does not exceed twelve percent (12.0%) per annum, which is the maximum rate permitted by State law.

I. Pursuant to Section 7-20E-9, NMSA 1978, as amended, the Governmental Unit heretofore has adopted the Tax Ordinance, which imposes the first one-eighth of one percent (0.125%) increment of County Gross Receipts Tax on the gross receipts of persons engaging in business within the Governmental Unit.

J. Pursuant to Section 4-55A-20(A), NMSA 1978, the Governmental Unit has determined to issue, in the name of the Governmental Unit, a bond in the form of the Loan Agreement which shall be in an amount not to exceed the total cost of the Improvements plus costs of issuance and maturing not more than twenty (20) years after the Closing Date.

**Section 5. Loan Agreement and Intercept Agreement - Authorization and Detail.**

A. Authorization. This Resolution has been adopted by the affirmative vote of at least a majority of all of the members of the Governing Body. For the purpose of protecting the public health, conserving the property, protecting the general welfare and prosperity of the residents of the Governmental Unit and acquiring the Project, it is hereby declared necessary that the Governmental Unit, pursuant to the Act, execute and deliver the Loan Agreement evidencing a special, limited obligation of the Governmental Unit to pay a principal amount of \$115,513, plus interest thereon, and the execution and delivery of the Loan Agreement and the Intercept Agreement are hereby authorized. The Governmental Unit shall use the proceeds of the Loan to (i) finance the acquisition of the Project; (ii) pay the Processing Fee; and (iii) make a deposit to the Finance Authority Debt Service Account. The Project will be owned by the Governmental Unit.

B. Detail. The Loan Agreement and Intercept Agreement shall be in substantially the forms of the Loan Agreement and Intercept Agreement presented at the meeting of the Governing Body at which this Resolution was adopted. The Loan shall be in an original aggregate principal amount of \$115,513, shall be payable in installments of principal due on May 1 of the years designated in Exhibit "B" to the Loan Agreement and bear interest payable on May 1 and November 1 of each year, beginning on May 1, 2017, at the rates designated in Exhibit "B" to the Loan Agreement.

**Section 6. Approval of Loan Agreement and Intercept Agreement.** The forms of the Loan Agreement and the Intercept Agreement, as presented at the meeting of the Governing Body at which this Resolution was adopted, are hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Loan Agreement and the Intercept Agreement, with such changes, insertions and omissions that are consistent with this Resolution as may be approved by such individual Authorized Officers, and the County Clerk is hereby authorized to affix the seal of the Governmental Unit on the Loan Agreement and the Intercept Agreement and attest the same. The execution of the Loan Agreement and the Intercept Agreement by an Authorized Officer shall be conclusive evidence of such approval.



**Section 7. Special Limited Obligation.** The Loan Agreement shall be secured by the pledge of the Pledged Revenues as set forth in the Loan Agreement and shall be payable solely from the Pledged Revenues. The Loan Agreement, together with interest thereon and other obligations of the Governmental Unit thereunder, shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues as provided in this Resolution and the Loan Agreement and shall not constitute a general obligation of the Governmental Unit or the State, and the holders of the Loan Agreement may not look to any general or other fund of the Governmental Unit for payment of the obligations thereunder. Nothing contained in this Resolution or in the Loan Agreement, or any other instruments, shall be construed as obligating the Governmental Unit (except with respect to the application of the Pledged Revenues), as incurring a pecuniary liability or a charge upon the general credit of the Governmental Unit or against its taxing power, nor shall a breach of any agreement contained in this Resolution, the Loan Agreement, or any other instrument impose any pecuniary liability upon the Governmental Unit or any charge upon its general credit or against its taxing power. The Loan Agreement shall never constitute an indebtedness of the Governmental Unit within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Governmental Unit or a charge against its general credit or taxing power. Nothing herein shall prevent the Governmental Unit from applying other funds of the Governmental Unit legally available therefore to payments required by the Loan Agreement, in its sole and absolute discretion.

**Section 8. Disposition of Proceeds: Completion of Acquisition of the Project.**

**A. Program Account and Finance Authority Debt Service Account.** The Governmental Unit hereby consents to creation of the Finance Authority Debt Service Account to be held and maintained by the Finance Authority and to the Program Account, to be held and maintained by the Trustee pursuant to the Indenture, each in connection with the Loan. The Governmental Unit hereby approves (i) the deposit of a portion of the proceeds of the Loan Agreement in the Program Account and in the Finance Authority Debt Service Account; and (ii) the payment of the Processing Fee to the Finance Authority, all as set forth in Exhibit "A" to the Loan Agreement.

The proceeds derived from the execution and delivery of the Loan Agreement shall be deposited promptly upon the receipt thereof in the Program Account and the Finance Authority Debt Service Account, and the Processing Fee shall be paid to the Finance Authority, all as provided in the Loan Agreement and the Indenture.

Until the Completion Date, the money in the Program Account shall be used and paid out solely for the purpose of acquiring the Project in compliance with applicable law and the provisions of the Loan Agreement and the Indenture.

The Governmental Unit will acquire the Project with all due diligence.

**B. Completion of the Project.** Upon the Completion Date, the Governmental Unit shall execute and send to the Finance Authority a certificate stating that acquisition of, and payment for, the Project have been completed. As soon as practicable, and, in any event, not more than sixty (60) days from the Completion Date, any balance remaining in the Program Account

shall be transferred and deposited into the Finance Authority Debt Service Account, as provided in the Loan Agreement and the Indenture.

C. Finance Authority and Trustee Not Responsible. The Finance Authority and the Trustee shall in no manner be responsible for the application or disposal by the Governmental Unit or by its officers of the funds derived from the Loan Agreement or of any other funds herein designated.

**Section 9. District Assessments, Deposit of Pledged Revenues, Distributions of the Pledged Revenues and Flow of Funds.**

A. District Assessments. The Governmental Unit is hereby authorized, empowered and directed, and it shall be the duty of the Governmental Unit, to receive, collect and enforce the payments and installments of all Assessment Revenues, all interest thereon and all penalties and interest accrued, as provided by law, in the manner and at the time prescribed by the Assessing Ordinance and this Resolution and to pay and disburse those payments, installments, interest and penalties accrued to the persons entitled to the payments and disbursements.

B. Collection of Special Assessments. The Treasurer of the Governmental Unit is hereby authorized, empowered and directed, and it shall be the duty of the Treasurer to receive and collect all Assessment Revenues, the interest thereon, expenses relating thereto and the penalties accrued at the time and in the manner heretofore specified and to pay and disburse such payments to the persons lawfully entitled to receive the same in accordance with the laws of the State and the resolutions of the Governmental Unit adopted prior to or after the date of this Resolution.

C. Deposit of Assessment Revenues. The money received from the Assessment Revenues from property in the District shall be deposited in the Finance Authority Debt Service Account and remitted to the Trustee in an amount sufficient to pay the principal and interest due under the Loan Agreement.

D. Deposit of Gross Receipts Tax Revenues. Pursuant to the Intercept Agreement the Gross Receipts Tax Revenues shall be paid directly by the Governmental Unit or the Distributing State Agency to the Finance Authority for deposit in the Finance Authority Debt Service Account and remittance to the Trustee in an amount sufficient to pay the balance of principal and interest due under the Loan Agreement.

E. Termination on Deposits to Maturity. No payment shall be made into the Finance Authority Debt Service Account if the amounts in the Finance Authority Debt Service Account totals a sum at least equal to the entire aggregate amount to become due as to principal, interest, if any, and any other amounts due under, the Loan Agreement, in which case moneys in such account in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in such accounts shall be transferred to the Governmental Unit and used as provided below.

F. Use of Surplus Revenues. After making all the payments hereinabove required to be made by this Section and any payments required by outstanding Parity Obligations, and as permitted by Section 4-55A-28, NMSA 1978, any moneys remaining in the Finance

Authority Debt Service Account shall be transferred to the Governmental Unit on a timely basis and shall be applied to any other lawful purpose, including, but not limited to, the payment of any Parity Obligations or bonds or obligations subordinate and junior to the Loan Agreement, or other purposes authorized by the Governmental Unit, the Constitution and laws of the State, as the Governmental Unit may from time to time determine.

Section 10. Lien on Pledged Revenues. Pursuant to the Loan Agreement, the Pledged Revenues are hereby authorized to be pledged to, and are hereby pledged to, and the Governmental Unit grants a security interest therein for, the payment of the principal, interest, if any, and any other amounts due under the Loan Agreement, subject to the uses hereof permitted by and the priorities set forth in this Resolution. The Loan Agreement constitutes an irrevocable and first lien, but not necessarily an exclusive first lien, on the Pledged Revenues as set forth herein and therein and the Governmental Unit shall not create a lien on the Pledged Revenues superior to that of the Loan Agreement.

Section 11. Foreclosure and Reimbursement. The Governmental Unit shall institute proceedings to foreclose the assessment lien against any lot, tract or parcel of land which is delinquent in the payment of an assessment or installment of an assessment for a period of more than one (1) year as now or hereafter provided by the Act, or otherwise as provided by law for foreclosure of county liens. Fifteen (15) days after the date that an order, judgment or decree of foreclosure is issued by a court of competent jurisdiction, a sale of the affected property may be held, as provided by law, to satisfy the delinquent assessment. If the Governmental Unit fails or refuses to initiate foreclosure proceedings to sell a lot, tract or parcel of property for a delinquent assessment or installment of an assessment, then the Finance Authority or the Trustee may initiate and prosecute such action as provided by the Loan Agreement. Except as otherwise required by the Act and the Assessing Ordinance, with respect to payment of taxes, other special assessments, penalties and costs of collection, the net proceeds from collecting any delinquent assessments shall be deposited into the Finance Authority Debt Service Fund.

Section 12. Foreclosure Sale; Disposition of Property. If any lot, tract or parcel of property is offered for sale after foreclosure for the nonpayment of any assessment, installment thereof or interest or penalty thereon, and there is no other purchaser therefor, the Governmental Unit may purchase the lot, tract or parcel of property and may bid for the lot, tract or parcel of property at not less than the amount of the balance due on the assessment, plus any interest, penalty, attorneys' fees and cost which have accrued against the property and upon the assessment and shall take and receive in its corporate name any certificates or deeds to the lot, tract or parcel of property for the benefit of the Finance Authority and the Trustee. The Governmental Unit shall have the power to lease or sell such lot, tract or parcel of property, and the net proceeds of any such lease or sale shall be deposited into the Finance Authority Debt Service Fund.

Section 13. Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution, the Loan Agreement, the Intercept Agreement and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Resolution, Loan Agreement and the Intercept Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Resolution and the Loan Agreement and the Intercept Agreement,

including but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan Agreement and the Intercept Agreement and the publication of the summary of this Resolution set out in Section 17 of this Resolution (with such changes, additions and deletions as may be necessary).

Section 14. Amendment of Resolution. Prior to the date of the initial delivery of the Loan Agreement to the Finance Authority, the provisions of this Resolution may be supplemented or amended by resolution of the Governing Body with respect to any changes which are not inconsistent with the substantive provisions of this Resolution. This Resolution may be amended without receipt by the Governmental Unit of any additional consideration, but only with the prior written consent of the Finance Authority.

Section 15. Resolution Irrepealable. After the Loan Agreement and Intercept Agreement have been executed and delivered, this Resolution shall be and remain irrepealable until all obligations due under the Loan Agreement shall be fully paid, canceled and discharged, as herein provided.

Section 16. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 17. Repealer Clause. All bylaws, orders, resolutions, and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 18. Effective Date. Upon due adoption of this Resolution, it shall be recorded in the book of the Governmental Unit kept for that purpose, authenticated by the signatures of the Chairman of the Board of County Commissioners and the County Clerk of the Governmental Unit, and the title and general summary of the subject matter contained in this Resolution (set out in Section 19 below) shall be published in a newspaper which maintains an office and is of general circulation in the Governmental Unit, or posted in accordance with law, and said Resolution shall be in full force and effect thereafter, in accordance with law.

Section 19. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Resolution shall be published in substantially the following form:

(Form of Summary of Resolution for Publication)

Grant County, New Mexico  
Notice of Adoption of Resolution

Notice is hereby given of the title and of a general summary of the subject matter contained in Resolution No. R-16-17, duly adopted and approved by the Board of County Commissioners of Grant County, New Mexico, on March 17, 2016. A complete copy of the Resolution is available for

public inspection during the normal and regular business hours of the County Clerk, 1400 Highway 180 East, Silver City, New Mexico. The title of the Resolution is:

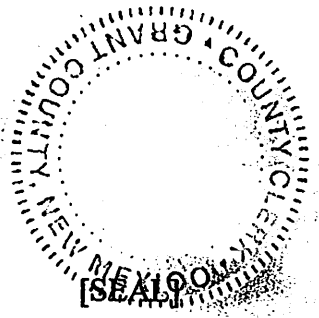
GRANT COUNTY, NEW MEXICO  
RESOLUTION NO. R-16-17

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND INTERCEPT AGREEMENT BY AND BETWEEN GRANT COUNTY, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY, IN THE PRINCIPAL AMOUNT OF \$115,513 FOR THE PURPOSE OF FINANCING THE PURCHASE OF CONSTRUCTION MATERIALS FOR A ROAD IMPROVEMENT PROJECT IN LOMA VERDE ESTATES SUBDIVISION WITHIN THE GEOGRAPHIC LIMITS OF THE GOVERNMENTAL UNIT AND PAYING A LOAN PROCESSING FEE, AND EVIDENCING THE SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO REPAY THE PRINCIPAL AMOUNT OF \$115,513, TOGETHER WITH INTEREST THEREON; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE FIRST INCREMENT OF COUNTY GROSS RECEIPTS TAX REVENUES IMPOSED PURSUANT TO SECTION 7-20E-9, NMSA 1978, AS AMENDED AND DISTRIBUTED TO THE GOVERNMENTAL UNIT BY THE STATE TAXATION AND REVENUE DEPARTMENT, AND FROM THE SPECIAL ASSESSMENTS LEVIED WITHIN THE LOMA VERDE ESTATES SUBDIVISION IMPROVEMENT DISTRICT; PROVIDING FOR THE DISTRIBUTION OF COUNTY GROSS RECEIPTS TAX REVENUES TO BE REDIRECTED BY THE STATE TAXATION AND REVENUE DEPARTMENT TO THE NEW MEXICO FINANCE AUTHORITY OR ITS ASSIGNS FOR THE PAYMENT OF PRINCIPAL AND INTEREST DUE ON THE LOAN AGREEMENT PURSUANT TO AN INTERCEPT AGREEMENT; PROVIDING FOR THE COLLECTION OF IMPROVEMENT DISTRICT SPECIAL ASSESSMENTS; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT AND INTERCEPT AGREEMENT.

A general summary of the subject matter of the Resolution is contained in its title. This notice constitutes compliance with Section 6-14-6, NMSA 1978.

(End of Form of Summary for Publication)


PASSED, APPROVED AND ADOPTED this 17th day of March, 2016.



BOARD OF COUNTY COMMISSIONERS  
GRANT COUNTY, NEW MEXICO

  
\_\_\_\_\_  
Brett Kasten, Chairman

ATTEST:

  
\_\_\_\_\_  
Robert Zamarripa, County Clerk

Commissioner Hall then moved adoption of the foregoing Resolution, duly seconded by Commissioner Rausten.

The motion to adopt said Resolution, upon being put to a vote, was passed and adopted on the following recorded vote:

Those Voting Aye:

Hall

Rausten

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Those Voting Nay:

0

\_\_\_\_\_

\_\_\_\_\_

Those Absent:

Ramos

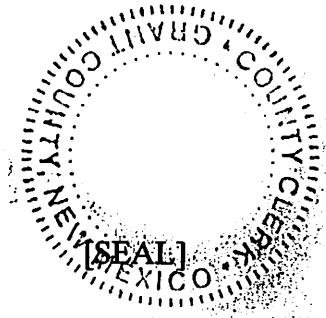
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Two (2) members of the Governing Body having voted in favor of said motion, the Chairman of the Board of County Commissioners declared said motion carried and said Resolution adopted, whereupon the Chairman and the County Clerk signed the Resolution upon the records of the minutes of the Governing Body.

After consideration of matters not relating to the Resolution, the meeting on the motion duly made, seconded and unanimously carried, was adjourned.

BOARD OF COUNTY COMMISSIONERS  
GRANT COUNTY, NEW MEXICO



Brett Kasten  
Brett Kasten, Chairman

ATTEST:

Robert Zamarripa  
Robert Zamarripa, County Clerk



**EXHIBIT "A"**

Meeting Agenda  
of the March 17, 2016  
Board of County Commissioners Meeting

(See attached)

STATE OF NEW MEXICO  
GRANT COUNTY

I, Robert Zamarripa, the duly qualified and acting Clerk of Grant County, New Mexico (the "Governmental Unit"), do hereby certify:


1. The foregoing pages are a true, perfect, and complete copy of the record of the proceedings of the Board of County Commissioners of Grant County, New Mexico (the "Governing Body"), constituting the Governing Body of the Governmental Unit had and taken at a duly called regular meeting held at 1400 Highway 180 East, in Silver City, New Mexico, on March 17, 2016, at the hour of 9:00 a.m., insofar as the same relate to the execution and delivery of the proposed Loan Agreement and Intercept Agreement, a copy of each of which is set forth in the official records of the proceedings of the Governing Body kept in my office. None of the action taken has been rescinded, repealed, or modified.

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

3. Notice of said meeting was given in compliance with the permitted methods of giving notice of regular meetings of the Governing Body as required by the Governmental Unit's open meetings standards presently in effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of March, 2016.

GRANT COUNTY, NEW MEXICO

By:   
Robert Zamarripa, County Clerk

[SEAL]

\$115,513

LOAN AGREEMENT

dated

April 22, 2016

by and between the

NEW MEXICO FINANCE AUTHORITY

and

GRANT COUNTY, NEW MEXICO

Certain interests of the New Mexico Finance Authority under this Loan Agreement may be assigned to BOKF, NA, as trustee under an Indenture, as defined in Article I of this Loan Agreement.

## LOAN AGREEMENT

THIS LOAN AGREEMENT dated April 22, 2016 is entered into by and between the NEW MEXICO FINANCE AUTHORITY (the "Finance Authority"), and GRANT COUNTY, NEW MEXICO (the "Governmental Unit"), a political subdivision duly organized and existing under the laws of the State of New Mexico (the "State").

### WITNESSETH:

WHEREAS, the Finance Authority is a public body politic and corporate constituting a governmental instrumentality, separate and apart from the State, duly organized and created under and pursuant to the laws of the State, particularly Section 6-21-1 et seq., NMSA 1978, as amended (the "Finance Authority Act"); and

WHEREAS, one of the purposes of the Finance Authority Act is to implement a program to permit qualified entities, such as the Governmental Unit, to enter into agreements with the Finance Authority to facilitate financing of public projects; and

WHEREAS, the Governmental Unit is a political subdivision duly organized and existing under and pursuant to the laws of the State and is a qualified entity under the Finance Authority Act; and

WHEREAS, the Governing Body of the Governmental Unit has determined that it is in the best interests of the Governmental Unit and its residents that the Governmental Unit enter into this Loan Agreement with the Finance Authority and accept a loan from the Finance Authority to finance the costs of purchasing construction materials for a road improvement project within the District, as more fully described on the Term Sheet attached hereto as Exhibit "A"; and

WHEREAS, the Governmental Unit is authorized by the Act to impose by ordinance a County Gross Receipts Tax pursuant to Section 7-20E-9, NMSA 1978; and

WHEREAS, pursuant to the Act, the Governmental Unit has by the Tax Ordinance imposed the first increment of County Gross Receipts Tax on the gross receipts of all persons engaging in business within the Governmental Unit which provides for a portion of the Pledged Revenues; and

WHEREAS, the Governmental Unit is permitted and authorized to pay the Loan Agreement Payments from moneys collected from the District Assessment Revenues to pay for the Project and from all amounts on deposit in the Finance Authority Debt Service Fund (including proceeds of foreclosure, as set forth in Sections 11 and 12 of the Resolution) which provides of a portion of the Pledged Revenues; and

WHEREAS, the Act authorizes the Governmental Unit to use the Pledged Revenues to finance the Project and to enter into this Loan Agreement; and

WHEREAS, the Finance Authority has determined that the Project is important to the overall capital needs of the residents of the State and that the Project will directly enhance the health and safety of the residents of the Governmental Unit; and

WHEREAS, the Governmental Unit has entered into the Intercept Agreement by and between the Finance Authority and the Governmental Unit whereby the Gross Receipts Tax Revenues due to the Governmental Unit from the Distributing State Agency may be paid directly or intercepted by the Finance Authority, or the Trustee, as its assignee, to make payments due under this Loan Agreement; and

WHEREAS, except as described on the Term Sheet, the Pledged Revenues have not been pledged or hypothecated in any manner or for any purpose at the time of the execution and delivery of this Loan Agreement, and the Governmental Unit desires to pledge the Pledged Revenues toward the payment of this Loan Agreement; and

WHEREAS, the obligation of the Governmental Unit hereunder shall constitute a special, limited obligation of the Governmental Unit, limited to the Pledged Revenues, and shall not constitute a general obligation or other indebtedness of the Governmental Unit or a charge against the general credit or ad valorem taxing power of the Governmental Unit or the State; and

WHEREAS, the execution, performance and delivery of this Loan Agreement and the Intercept Agreement have been authorized, approved and directed by all necessary and appropriate action of the Governing Body pursuant to the Resolution; and

WHEREAS, the execution and performance of this Loan Agreement and the Intercept Agreement have been authorized, approved and directed by all necessary and appropriate action of the Finance Authority.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants herein contained, the parties hereto agree:

## ARTICLE I DEFINITIONS

Capitalized terms defined in the foregoing recitals shall have the same meaning when used in this Loan Agreement unless the context clearly requires otherwise. Capitalized terms not defined in the recitals and defined in this Article I shall have the same meaning when used in this Loan Agreement including the foregoing recitals, unless the context clearly requires otherwise.

“Act” means the general laws of the State, including Sections 4-55A-1 through 4-55A-43, 4-62-1 through 4-62-10, and 7-20E-9, NMSA 1978, as amended, and enactments of the Governing Body relating to this Loan Agreement and Intercept Agreement, including the Resolution.

“Additional Payment Obligations” mean payments in addition to Loan Agreement Payments required by this Loan Agreement, including, without limitation, payments required pursuant to the provisions of Article IX and Article X hereof.

“Aggregate Annual Debt Service Requirement” means the total principal and interest, if any, due and payable pursuant to this Loan Agreement and on all Parity Obligations secured by a pledge of the Pledged Revenues for any one Fiscal Year.

**“Assessing Ordinance”** means Ordinance No. O-16-02 adopted by the Governing Body on February 8, 2016, levying the assessments against the tracts or parcels of property within the District specifically benefited by the Improvements.

**“Assessment Revenues”** means the moneys collected from the District special assessments levied from and after February 8, 2016 to pay for the Improvements and all amounts on deposit in the Finance Authority Debt Service Account (including proceeds of foreclosure, as set forth in Sections 11 and 12 of the Resolution).

**“Authorized Officers”** means, in the case of the Governmental Unit, the Chairman or Vice-Chairman of the Governing Body, the County Manager, the County Treasurer and the County Clerk, and, in the case of the Finance Authority, the Chairperson, Vice-Chairperson and Secretary of the Board of Directors and the Chief Executive Officer or any other officer or employee of the Finance Authority designated in writing by an Authorized Officer.

**“Blended Interest Rate”** means the rate of interest on this Loan Agreement as shown on the Term Sheet.

**“Bond Counsel”** means nationally recognized bond counsel experienced in matters of municipal law, satisfactory to the Trustee and listed in the list of municipal bond attorneys, as published semi-annually by The Bond Buyer’s Municipal Marketplace, or any successor publication, acting as loan counsel to the Finance Authority.

**“Bonds”** means public project revolving fund revenue bonds, if any, issued hereafter by the Finance Authority to fund or reimburse this Loan Agreement.

**“Closing Date”** means the date of execution, delivery and funding of this Loan Agreement as shown on the Term Sheet.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

**“Distributing State Agency”** means the department or agency of the State, as described on the Term Sheet, authorized to distribute the Gross Receipts Tax Revenues to or on behalf of the Governmental Unit.

**“District”** means the Loma Verde Estates Subdivision Improvement District created by Resolution R-15-24 adopted by the Governing Body on July 23, 2015.

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

**“Expenses”** means the costs of issuance, including the Processing Fee, of this Loan Agreement and the Bonds, if any, and periodic and regular fees and expenses incurred by the Finance Authority in administering this Loan Agreement, including legal fees.

**“Finance Authority Debt Service Account”** means the debt service account established in the name of the Governmental Unit within the Debt Service Fund, as defined in the Indenture, held and

administered by the Finance Authority to pay principal and interest on this Loan Agreement as the same become due.

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

“Governing Body” means the duly organized Board of County Commissioners of the Governmental Unit, and any successor governing body of the Governmental Unit.

“Gross Receipts Tax Revenues” means the revenues of the first one-eighth of one percent (0.125%) increment of County Gross Receipts Tax enacted pursuant to Section 7-20E-9, NMSA 1978 and an Ordinance passed and approved pursuant to the Act by the Governmental Unit on June 23, 1987, with an effective date of January 1, 1988, which distributions are made monthly by the New Mexico Taxation and Revenue Department.

“Improvements” means the improvement of roads within the District.

“Indenture” means the General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented, by and between the Finance Authority and the Trustee, or successor trustee, or the Subordinated General Indenture of Trust and Pledge dated as of March 1, 2005, as supplemented, by and between the Finance Authority and the Trustee, or successor trustee, as determined by the Finance Authority pursuant to a Pledge Notification or Supplemental Indenture (as defined in the Indenture).

“Independent Accountant” means: (i) an accountant employed by the State and under the supervision of the State Auditor; or (ii) any certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State, appointed and paid by the Governmental Unit who: (a) is, in fact, independent and not under the domination of the Governmental Unit; (b) does not have any substantial interest, direct or indirect, with the Governmental Unit; and (c) is not connected with the Governmental Unit as an officer or employee of the Governmental Unit, but who may be regularly retained to make annual or similar audits of the books or records of the Governmental Unit.

“Intercept Agreement” means the Intercept Agreement dated the Closing Date between the Governmental Unit and the Finance Authority providing for the direct payment by the Governmental Unit or the Distributing State Agency to the Finance Authority of the Gross Receipts Tax Revenues in amounts sufficient to pay Loan Agreement Payments, and any amendments or supplements to the Intercept Agreement.

“Interest Component” means the portion of each Loan Agreement Payment paid as interest on this Loan Agreement as shown on Exhibit “B” hereto.

“Loan” means the funds in the Loan Agreement Principal Amount to be loaned to the Governmental Unit by the Finance Authority pursuant to this Loan Agreement.

“Loan Agreement” means this loan agreement and any amendments or supplements hereto, including the exhibits attached to this loan agreement.

“Loan Agreement Balance” means, as of any date of calculation, the Loan Agreement Principal Amount less the aggregate principal amount paid or prepaid pursuant to the provisions of this Loan Agreement.

“Loan Agreement Payment” means, collectively, the Principal Component and the Interest Component to be paid by the Governmental Unit as payment of this Loan Agreement as shown on Exhibit “B” hereto.

“Loan Agreement Payment Date” means each date a payment is due on this Loan Agreement as shown on Exhibit “B” hereto.

“Loan Agreement Principal Amount” means the original principal amount of this Loan Agreement as shown on the Term Sheet.

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

“NMSA” means the New Mexico Statutes Annotated, 1978 compilation, as amended and supplemented.

“Parity Obligations” means this Loan Agreement, and any other obligations, now outstanding or hereafter issued or incurred, payable from or secured by a lien or pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on a parity with this Loan Agreement, including any such obligations shown on the Term Sheet.

“Permitted Investments” means securities which are at the time legal investments of the Governmental Unit for the money to be invested, as applicable, including but not limited to the following, if permitted by law: (i) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States, the federal home loan mortgage association, the federal national mortgage association, the federal farm credit bank, federal home loan banks or the student loan marketing association or that are backed by the full faith and credit of the United States government; (ii) negotiable securities of the State; (iii) money market funds which invest solely in obligations described in clause (i) above which are rated in the highest rating category by Moody’s Investors Service, Inc., or Standard & Poor’s Ratings Services; and (iv) the State Treasurer’s short-term investment fund created pursuant to Section 6-10-10.1, NMSA 1978, as amended, and operated, maintained and invested by the office of the State Treasurer.

“Pledged Revenues” means the Gross Receipts Tax Revenues and the Assessment Revenues.

“Principal Component” means the portion of each Loan Agreement Payment paid as principal on this Loan Agreement as shown on Exhibit “B” hereto.

“Processing Fee” means the processing fee to be paid on the Closing Date directly by the Governmental Unit to the Finance Authority for the costs of originating and servicing the Loan, as shown on the Term Sheet.



“Program Account” means the account in the name of the Governmental Unit established pursuant to the Indenture and held by the Trustee for the deposit of the net proceeds of this Loan Agreement for disbursement to the Governmental Unit for payment of the costs of the Project.

“Project” means the purchase of construction materials for the Improvements, as described in the Term Sheet.

“Resolution” means the Governmental Unit Resolution No. R-16-17, adopted by the Governing Body on March 17, 2016 approving this Loan Agreement and the Intercept Agreement and pledging the Pledged Revenues to the payment of the Loan Agreement Payments as shown on the Term Sheet.

“Tax Ordinance” means an Ordinance passed and approved by the Governmental Unit pursuant to the Act on June 23, 1987, with an effective date of January 1, 1988, which imposes a County Gross Receipts Tax known as the first one-eighth of one percent (.125%) increment of the gross receipts tax imposed on all persons engaging in business within the Governmental Unit.

“Term Sheet” means Exhibit “A” attached hereto.

“Trustee” means BOKF, NA, Albuquerque, New Mexico, or any successor trust company, national or state banking association or financial institution at the time appointed the Trustee by the Finance Authority.

“Unassigned Rights” means the rights of the Finance Authority to receive payment of the Processing Fee, administrative expenses, reports and indemnity against claims pursuant to the provisions of this Loan Agreement which are withheld in the granting clauses of the Indenture from the pledge, assignment and transfer of this Loan Agreement to the Trustee.

## ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES

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

(a) Binding Nature of Covenants. All covenants, stipulations, obligations and agreements of the Governmental Unit contained in this Loan Agreement shall be deemed to be the covenants, stipulations, obligations and agreements of the Governmental Unit to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Governmental Unit and its successors and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Loan Agreement, all rights, powers and privileges conferred and duties and liabilities imposed upon the Governmental Unit by the provisions of this Loan Agreement and the Resolution shall be exercised or performed by the Governmental Unit or by such members, officers, or officials of the Governmental Unit as may be required by law to exercise such powers and to perform such duties.

(b) Personal Liability. No covenant, stipulation, obligation or agreement contained in this Loan Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, agent or employee of the Governmental Unit or member of the Governing

Body in his or her individual capacity, and neither the members of the Governing Body nor any officer, agent or employee of the Governmental Unit executing this Loan Agreement shall be liable personally on this Loan Agreement or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

(c) Authorization of Loan Agreement and Intercept Agreement. The Governmental Unit is a political subdivision of the State and is duly organized and existing under the statutes and laws of the State. Pursuant to the laws of the State and the Act, as amended and supplemented from time to time, the Governmental Unit is authorized by the Act to enter into the transactions contemplated by this Loan Agreement and the Intercept Agreement and to carry out its obligations hereunder and thereunder. The Governmental Unit has duly authorized and approved the execution and delivery of this Loan Agreement, the Intercept Agreement, and the other documents related to the transaction.

(d) Use of Loan Agreement Proceeds. The Governmental Unit shall proceed without delay in applying the proceeds of this Loan Agreement (less deposits to the Finance Authority Debt Service Account and the Processing Fee) to the acquisition of the Project.

(e) Payment of Loan Agreement. The Governmental Unit shall promptly pay Loan Agreement Payments, as specified in Exhibit "B" hereto, according to the true intent and meaning of this Loan Agreement. Loan Agreement Payments are payable solely from the Pledged Revenues or from the proceeds of refunding bonds or other refunding obligations which the Governmental Unit may hereafter issue in its sole discretion and which are payable from the Pledged Revenues; and nothing in this Loan Agreement shall be construed as obligating the Governmental Unit to pay Loan Agreement Payments from any general or other fund of the Governmental Unit other than such special funds. Nothing contained in this Loan Agreement, however, shall be construed as prohibiting the Governmental Unit in its sole and absolute discretion, from making such payments from any moneys which may be lawfully used, and which are legally available, for that purpose.

(f) Acquisition and Completion of Project. The Project will consist of purchasing construction materials for a road improvement project within the geographic limits of the District. The Project will be acquired and completed so as to comply with all applicable ordinances, resolutions and regulations, if any, and any and all applicable laws relating to the acquisition and completion of the Project and to the use of the Pledged Revenues. The Project complies with Section 7-20E-9 NMSA 1978, as amended.

(g) Necessity of Project. The financing of the Project under the terms and conditions provided for in this Loan Agreement is necessary, convenient and in furtherance of the governmental purposes of the Governmental Unit and is in the best interests of the Governmental Unit and its residents.

(h) Legal, Valid and Binding Special Obligation. The Governmental Unit has taken all required action necessary to authorize the execution and delivery of this Loan Agreement and the Intercept Agreement, and this Loan Agreement and the Intercept Agreement constitute legal, valid and binding special obligations of the Governmental Unit enforceable in accordance with their terms.

(i) Loan Agreement Term. The weighted average maturity of 5.626 years of the Loan Agreement does not exceed 120% of the reasonably expected life of the Project which is ten (10) years.

(j) Use of Project. During the Loan Agreement Term, the Project will at all times be used for the benefit of the Governmental Unit as a whole.

(k) No Private Activity. The Governmental Unit is a "governmental unit" within the meaning of Sections 103 and 141(b)(6) of the Code. In addition, no amounts disbursed from the Program Account and used to finance the Project shall be used in the trade or business of a person who is not a "governmental unit" within the meaning of Sections 103 and 141(b)(6) of the Code.

(l) No Excess Loan Agreement Proceeds. The amount loaned to the Governmental Unit under this Loan Agreement as set forth on the Term Sheet does not exceed the sum of: (i) the cost of the Project; and (ii) an amount necessary to pay the Processing Fee and the costs related to issuance of the Bonds, if any.

(m) No Breach or Default Caused by Loan Agreement or Intercept Agreement. Neither the execution and delivery of this Loan Agreement and the Intercept Agreement, nor the fulfillment of or compliance with the terms and conditions in this Loan Agreement and the Intercept Agreement, nor the consummation of the transactions contemplated herein and therein, conflicts with or results in a breach of terms, conditions or provisions of any restriction or any agreement or instrument to which the Governmental Unit is a party or by which the Governmental Unit is bound or any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Governmental Unit or its properties are subject, or constitutes a default under any of the foregoing.

(n) Irrevocable Enactments. While this Loan Agreement remains outstanding and unpaid, any ordinance, resolution or other enactment of the Governing Body applying the Pledged Revenues for the payment of this Loan Agreement, including the Tax Ordinance and the Resolution, shall be irrevocable until this Loan Agreement has been paid in full as to both principal and interest, and shall not be subject to amendment or modification in any manner which would in any way jeopardize the timely payment of Loan Agreement Payments.

(o) Outstanding Debt. Except for the Parity Obligations, if any, described on the Term Sheet, there are currently no outstanding bonds, notes or other obligations of the Governmental Unit which are payable from and secured by a parity lien on the Pledged Revenues. No additional indebtedness, bonds or notes of the Governmental Unit payable on a priority ahead of the indebtedness herein authorized out of the Pledged Revenues shall be created or incurred while this Loan Agreement remains outstanding.

(p) No Litigation. To the best knowledge of the Governmental Unit, no litigation or proceeding is pending or threatened against the Governmental Unit or any other person affecting the right of the Governmental Unit to execute or deliver this Loan Agreement or the Intercept Agreement or to comply with its obligations under this Loan Agreement or the Intercept Agreement. Neither, the execution and delivery of this Loan Agreement or the Intercept Agreement by the Governmental Unit nor compliance by the Governmental Unit with the obligations under

such agreements, requires the approval of any regulatory body, or any other entity, which approval has not been obtained or which is not reasonably expected to be obtained.

(q) No Event of Default. No event has occurred and no condition exists which, upon the execution and delivery of this Loan Agreement and the Intercept Agreement, would constitute an Event of Default on the part of the Governmental Unit under this Loan Agreement or the Intercept Agreement.

(r) Pledged Revenues Not Budgeted. The portion of the Pledged Revenues necessary to pay the Loan Agreement Payments, as and when due, are not needed or budgeted to pay current or anticipated operational or other expenses of the Governmental Unit.

(s) Expected Coverage Ratio. The Pledged Revenues (giving credit for any increase in Pledged Revenues which has received final approval of the Governing Body and become effective) from the Fiscal Year immediately preceding the Closing Date were equal to or exceeded, and, on an ongoing basis during each year of the Loan Agreement Term, are reasonably expected to equal or exceed, one hundred twenty-five percent (125%) of the maximum Aggregate Annual Debt Service Requirement.

(t) No Extension of Interest Payments. The Governmental Unit will not extend or be a party to the extension of the time for paying any interest on this Loan Agreement.

(u) Governmental Unit's Existence. The Governmental Unit will maintain its corporate identity and existence so long as this Loan Agreement is unpaid, unless another political subdivision by operation of law succeeds to the liabilities and rights of the Governmental Unit without adversely affecting to any substantial degree the privileges and rights of the Finance Authority.

(v) Continuing Disclosure. The Governmental Unit covenants that it shall provide continuing disclosure to the Finance Authority, as the Finance Authority may require, that shall include, but not be limited to: annual audits, operational data required to update information in any disclosure documents used to assign or securitize the Loan Agreement Payments by issuance of Bonds by the Finance Authority pursuant to the Indenture, and notification of any event deemed material by the Finance Authority.

(w) The District; Assessments and Liens. Pursuant to the Act:

(1) the District has been created by the Governmental Unit in accordance with the procedures established by the Act;

(2) the special assessments levied against property within the District have been levied by the Governmental Unit in accordance with the procedures established by the Act; and

(3) a claim of lien against the property within the District has been duly filed in the office of the Grant County Clerk for special assessments due, assessed and remaining unpaid after February 8, 2016.

(x) Reporting Requirements. The Governmental Unit will furnish the NMFA and the Trustee the following:

(1) within two hundred ten (210) days after the end of each fiscal year of the Governmental Unit, its audited balance sheet as at the end of such fiscal year and its audited income statement and statement of changes in financial condition for such fiscal year prepared by its independent certified public accountants;

(2) promptly, notice of delinquency of more than one hundred eighty (180) days in the payment of any assessment or any installment of an assessment on any lot, tract or parcel of land within the District;

(3) promptly, notice of the Governmental Unit instituting proceedings to foreclose the assessment lien against any lot, tract or parcel of land which is delinquent in the payment of an assessment or installment of an assessment as set forth in the Resolution; and

(4) promptly, such other information regarding the District, the Assessment Revenues and the financial condition of the District as the Finance Authority and the Trustee may reasonably request from time to time.

(y) Tax Covenants. The Governmental Unit covenants that it shall restrict the use of the proceeds of this Loan Agreement in such manner and to such extent, if any, as may be necessary so that this Loan Agreement will not constitute an "arbitrage bond" under Section 148 of the Code and that it shall pay any applicable rebate to the Internal Revenue Service. Authorized Officers of the Governmental Unit are hereby authorized and directed to execute an Arbitrage and Tax Certificate as may be required by the Finance Authority and such additional certificates as shall be necessary to establish that this Loan Agreement is not an "arbitrage bond" within the meaning of Section 148 of the Code and the Treasury Regulations promulgated or proposed with respect thereto, including Treasury Regulation Sections 1.148-1 through 1.148-11, 1.149 and 1.150 as the same currently exist, or may from time to time hereafter be amended, supplemented or revised. The Governmental Unit covenants to comply with the provisions of any such Arbitrage and Tax Certificate and the provisions thereof will be incorporated herein by reference to the same extent as if set forth herein. The Governmental Unit covenants that no use will be made of the proceeds of this Loan Agreement, or any funds or accounts of the Governmental Unit which may be deemed to be Gross Proceeds (as defined in Treasury Regulation Section 1.148-1(b)) of this Loan Agreement, which use, if it had been reasonably expected on the Closing Date, would have caused this Loan Agreement to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. Pursuant to this covenant, the Governmental Unit obligates itself to comply throughout the Loan Agreement Term with the requirements of Sections 103 and 141 through 150 of the Code and the regulations proposed or promulgated with respect thereto. The Governmental Unit further represents and covenants that no bonds or other evidence of indebtedness of the Governmental Unit payable from substantially the same source as this Loan Agreement have been or will be issued, sold or delivered within fifteen (15) days prior to or subsequent to the Closing Date. The Governmental Unit hereby further represents and covenants to comply with Section 7.6 hereof, which designates this Loan Agreement as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code.

(z) Gross Receipts Tax Revenue Covenants. The Governing Body has duly adopted the Tax Ordinance imposing the first one-eighth of one percent increment of County Gross Receipts Tax, which constitutes the Gross Receipts Tax Revenues. The Tax Ordinance has not been repealed or superseded and is in full force and effect.

(aa) Assessment Revenue Covenants. Pursuant to Section 4-55A-20(A), NMSA 1978, the Governmental Unit has determined to issue, in the name of the Governmental Unit, a bond in the form of the Loan Agreement which shall be in an amount not to exceed the total cost of the Improvements plus costs of issuance and maturing not more than twenty (20) years after the Closing Date.

Section 2.2 Representations, Covenants and Warranties of the Finance Authority. The Finance Authority represents, covenants and warrants for the benefit of the Governmental Unit as follows:

(a) (a) Authorization of Loan Agreement and Intercept Agreement. The Finance Authority is a public body politic and corporate constituting a governmental instrumentality, separate and apart from the State, duly organized, existing and in good standing under the laws of the State, has all necessary power and authority to enter into and perform and observe the covenants and agreements on its part contained in this Loan Agreement and the Intercept Agreement and, by proper action, has duly authorized the execution and delivery of this Loan Agreement and the Intercept Agreement, based upon the Finance Authority's findings that the Project is important to the overall capital needs of the State and directly enhances the health and safety of the citizens of the Governmental Unit.

(b) Assignment of Rights. The Finance Authority may not pledge or assign the Pledged Revenues, the Loan Agreement Payments or any of its other rights under this Loan Agreement and the Intercept Agreement except to the Trustee pursuant to the Indenture.

(c) No Breach or Default Caused by Loan Agreement or Intercept Agreement. Neither the execution and delivery of this Loan Agreement or the Intercept Agreement, nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement or the Intercept Agreement, nor the consummation of the transactions contemplated in this Loan Agreement or the Intercept Agreement, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Finance Authority is a party or by which the Finance Authority is bound or constitutes a default under any of the foregoing and will not conflict with or constitute a violation of any constitutional or statutory provision or order, rule, regulation, decree or resolution of any court, government or governmental authority having jurisdiction over the Finance Authority or its property, and which conflict or violation will have a material adverse effect on the Finance Authority or the financing of the Project.

(d) No Litigation. To the knowledge of the Finance Authority, there is no litigation or proceeding pending or threatened against the Finance Authority or any other person affecting the right of the Finance Authority to execute or deliver this Loan Agreement or the Intercept Agreement, or to comply with its obligations under this Loan Agreement or the Intercept Agreement. Neither, the execution and delivery of this Loan Agreement or the Intercept Agreement by the Finance Authority, nor compliance by the Finance Authority with its obligations under this

Loan Agreement and the Intercept Agreement, requires the approval of any regulatory body, or any other entity, which approval has not been obtained.

(e) Legal, Valid and Binding Obligations. This Loan Agreement and the Intercept Agreement constitute the legal, valid and binding obligations of the Finance Authority enforceable in accordance with their terms.

### ARTICLE III LOAN AGREEMENT TERM

The Loan Agreement Term shall commence on the Closing Date and shall not terminate until this Loan Agreement has been paid in full or provision for the payment of this Loan Agreement has been made pursuant to Article VIII hereof.

### ARTICLE IV LOAN; APPLICATION OF MONEYS

On the Closing Date, the Finance Authority shall transfer the Loan Agreement Principal Amount as follows:

(a) To the Trustee, the amount shown on the Term Sheet as the Program Account deposit shall be deposited into the Governmental Unit's Program Account to be maintained by the Trustee pursuant to the Indenture and disbursed pursuant to Section 6.2 hereof at the direction of the Governmental Unit as needed by the Governmental Unit for the Project; and

(b) To the Finance Authority, the amount shown on the Term Sheet as the Finance Authority Debt Service Account deposit shall be deposited into the Finance Authority Debt Service Account to be maintained by the Finance Authority or its assignee and utilized as provided in Section 5.2 hereof; and

(c) To the Finance Authority, payment in the amount shown on the Term Sheet as the Processing Fee.

### ARTICLE V LOAN TO THE GOVERNMENTAL UNIT; PAYMENTS BY THE GOVERNMENTAL UNIT

Section 5.1 Loan to the Governmental Unit; Payment Obligations Limited to Pledged Revenues; Pledge of Pledged Revenues. The Finance Authority hereby lends to the Governmental Unit and the Governmental Unit hereby borrows from the Finance Authority an amount equal to the Loan Agreement Principal Amount. The Governmental Unit promises to pay, but solely from the sources pledged herein, the Loan Agreement Payments as herein provided. The Governmental Unit does hereby convey, assign and pledge unto the Finance Authority and unto its successors in trust forever all right, title and interest of the Governmental Unit in and to: (i) the Pledged Revenues to the extent required to pay the Loan Agreement Payments on a parity with the Parity Obligations; (ii) the Finance Authority Debt Service Account, such account being held by the Finance Authority; (iii) the Program Account, such account being held by the Trustee; and (iv) all other rights hereinafter granted, for the securing of the Governmental Unit's obligations under this Loan

Agreement, including payment of the Loan Agreement Payments and Additional Payment Obligations, if any; provided, however, that if the Governmental Unit, its successors or assigns, shall well and truly pay, or cause to be paid, all Loan Agreement Payments at the time and in the manner contemplated by this Loan Agreement, then, upon such final payment or provision for payment by the Governmental Unit, this Loan Agreement and the rights created thereby shall terminate; otherwise, this Loan Agreement shall remain in full force and effect. The Loan Agreement Payments shall, in the aggregate, be sufficient to pay the Principal Component and the Interest Component when due, the payment schedule of which is attached hereto as Exhibit "B."

The pledge of the Pledged Revenues and the lien thereon shall be effective upon the Closing Date. The Governmental Unit and the Finance Authority acknowledge and agree that the Loan Agreement Payments of the Governmental Unit hereunder are limited to the Pledged Revenues, and that this Loan Agreement shall constitute a special, limited obligation of the Governmental Unit. No provision of this Loan Agreement shall be construed or interpreted as creating a general obligation or other indebtedness of the Governmental Unit within the meaning of any constitutional or statutory debt limitation. No provision of this Loan Agreement shall be construed to pledge or to create a lien on any class or source of Governmental Unit moneys other than the Pledged Revenues, nor shall any provision of this Loan Agreement restrict the future issuance of any bonds or obligations payable from any class or source of Governmental Unit moneys other than the Pledged Revenues. In addition, to the extent not required for the payment of obligations of the Governmental Unit hereunder, the Pledged Revenues may be utilized by the Governmental Unit for any other purposes permitted by law.

Section 5.2 Payment Obligations of Governmental Unit. The Governmental Unit shall transfer to the Finance Authority from the Pledged Revenues either pursuant to the Intercept Agreement or directly from the Governmental Unit as provided by this Loan Agreement and the Intercept Agreement, the amounts provided in subsections (a)(i) and (ii) of this Section 5.2 for deposit into the Finance Authority Debt Service Account. The Finance Authority Debt Service Account shall be established and held by the Finance Authority on behalf of the Governmental Unit. All Pledged Revenues received by the Finance Authority pursuant to this Section 5.2 shall be accounted for and maintained on an ongoing basis by the Finance Authority in the Finance Authority Debt Service Account and all Loan Agreement Payments shall be remitted to the Trustee. The amount on deposit in the Finance Authority Debt Service Account shall be expended and used by the Finance Authority or the Trustee, as the case may be, only in the manner and order of priority specified below.

(a) As a first charge and lien, but not an exclusive first charge and lien, on the Pledged Revenues (on a parity with the lien on the Pledged Revenues created by any outstanding Parity Obligations), the Governmental Unit shall remit to the Finance Authority, and the Finance Authority shall transfer and deposit into the Finance Authority Debt Service Account the following from the Pledged Revenues received either directly or pursuant to the Intercept Agreement from the Governmental Unit, which the Finance Authority shall transfer to the Trustee in accordance with the Indenture:

(i) Interest Components. (A) Monthly, beginning on the first day of the month following the Closing Date, an amount in equal monthly installments which is necessary to pay the first maturing Interest Component coming due on this Loan Agreement (which is May 1,



2017), and (B) on the first day of each month thereafter, one-twelfth (1/12) of the amount necessary to pay the next maturing Interest Component on this Loan Agreement as described in Exhibit "B";

(ii) Principal Payments. (A) Monthly, beginning on the first day of the month following the Closing Date, an amount in equal monthly installments which is necessary to pay the first maturing Principal Component (which is May 1, 2017), and (B) 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 Loan Agreement during the Loan Agreement Term, as described in Exhibit "B".

The Governmental Unit shall transfer to the Finance Authority from the Pledged Revenues the amounts provided in subsections (i) and (ii) of this Section 5.2(a), and the Finance Authority shall not intercept such amounts from the Pledged Revenues pursuant to the Intercept Agreement unless the Governmental Unit fails to timely transfer each such amount, in which event the Finance Authority shall intercept such amounts from Pledged Revenues pursuant to the Intercept Agreement. Such amounts shall be intercepted in approximately equal monthly payments when distributions are made by the Distributing State Agency in accordance with a schedule prepared by the Finance Authority at the commencement of interception of payments. The monthly intercepted installments will be amounts sufficient, when combined, to meet the payments described in subparagraphs (a)(i) and (ii) above.

(b) Each Loan Agreement Payment shall be transferred by the Finance Authority from the Finance Authority Debt Service Account to the Trustee.

(c) Subject to the foregoing deposits, the Finance Authority or the Trustee shall annually use the balance of the Pledged Revenues received, if any, at the request of the Governmental Unit: (i) to credit against upcoming Loan Agreement Payments; or (ii) to distribute to the Governmental Unit for any purpose permitted by law.

**Section 5.3 Manner of Payment.** All payments of the Governmental Unit hereunder shall be paid in lawful money of the United States of America to the Finance Authority at the address designated in Section 11.1 herein, for remittance to the Trustee. The obligation of the Governmental Unit to make payments hereunder, from and to the extent of the available Pledged Revenues, shall be absolute and unconditional in all events, except as expressly provided hereunder, and payment hereunder shall not be abated through accident or unforeseen circumstances. Notwithstanding any dispute between the Governmental Unit, the Finance Authority, the Trustee, any vendor or any other person, the Governmental Unit shall make all deposits hereunder, from and to the extent of the available Pledged Revenues, when due and shall not withhold any deposit hereunder pending final resolution of such dispute, nor shall the Governmental Unit assert any right of set-off or counterclaim against its obligation to make such deposits required hereunder.

**Section 5.4 Disposition of Payments by the Trustee.** The Trustee shall deposit all moneys received from the Finance Authority under this Loan Agreement in accordance with the Indenture.

**Section 5.5 Additional Parity Obligations.** No provision of this Loan Agreement shall be construed in such a manner as to prevent the issuance by the Governmental Unit of additional Parity Obligations payable from the Pledged Revenues, nor to prevent the issuance of bonds or other

obligations refunding all or a part of this Loan Agreement; provided, however, that before any such additional Parity Obligations are actually issued (excluding refunding bonds or refunding obligations which refund Parity Obligations but including parity refunding bonds and obligations which refund subordinate obligations as provided in Section 5.6 hereof), it must be determined that:

(a) The Governmental Unit is then current in all of the accumulations required to be made into the Finance Authority Debt Service Account as provided herein.

(b) No default shall exist in connection with any of the covenants or requirements of the Resolution or this Loan Agreement.

(c) The Pledged Revenues received by or credited to the Governmental Unit for the Fiscal Year or for any twelve (12) consecutive months out of the twenty-four (24) months preceding the date of the issuance of such additional Parity Obligations (the "Historic Test Period") shall have been sufficient to pay an amount representing one hundred twenty-five percent (125%) of the combined maximum Aggregate Annual Debt Service Requirement coming due in any subsequent Fiscal Year on the then outstanding Parity Obligations and the Parity Obligations proposed to be issued (excluding the accumulation of any reserves therefor).

(d) A written certification or opinion by the Governmental Unit's Treasurer or chief financial officer or by an Independent Accountant that the Pledged Revenues for the Historic Test Period are sufficient to pay said amounts, shall be conclusively presumed to be accurate in determining the right of the Governmental Unit to authorize, issue, sell and deliver the Parity Obligations proposed to be issued.

(e) No provision of this Loan Agreement shall be construed in such a manner as to prevent the issuance by the Governmental Unit of additional bonds or other obligations payable from the Pledged Revenues constituting a lien upon such Pledged Revenues subordinate and junior to the lien of this Loan Agreement nor to prevent the issuance of bonds or other obligations refunding all or part of this Loan Agreement as permitted by Section 5.6 hereof.

(f) The Governmental Unit shall not issue bonds or other obligations payable from the Pledged Revenues having a lien thereon prior and superior to this Loan Agreement.

**Section 5.6 Refunding Obligations.** The provisions of Section 5.5 hereof are subject to the following exceptions:

(a) If at any time after the Closing Date, while this Loan Agreement, or any part thereof, is outstanding, the Governmental Unit shall find it desirable to refund any outstanding bonds or other outstanding obligations payable from the Pledged Revenues, this Loan Agreement, such bonds or other obligations, or any part thereof, may be refunded (but the holders of this Loan Agreement or bonds to be refunded may not be compelled to surrender this Loan Agreement or their bonds, unless this Loan Agreement, the bonds or other obligations, at the time of their required surrender for payment, shall then mature, or shall then be callable for prior redemption at the Governmental Unit's option), regardless of whether the priority of the lien for the payment of the refunding obligations on the Pledged Revenues is changed, except as provided in subparagraph (e) of Section 5.5 hereof and in subparagraphs (b) and (c) of this Section.

(b) No refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued on a parity with this Loan Agreement unless:

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

(ii) The refunding bonds or other refunding obligations are issued in compliance with Section 5.5 hereof.

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

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

(ii) The refunding bonds or other refunding obligations are issued in compliance with Section 5.5 hereof; or

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

(d) Any refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued with such details as the Governmental Unit may provide by ordinance or resolution, but without any impairment of any contractual obligations imposed upon the Governmental Unit by any proceedings authorizing the issuance of any unrefunded portion of such outstanding obligations of any one or more issues (including, but not necessarily limited to, this Loan Agreement).

**Section 5.7 Investment of Governmental Unit Funds.** Money on deposit in the Finance Authority Debt Service Account established by the Finance Authority for the Governmental Unit may be invested by the Finance Authority in Permitted Investments at the discretion of the Finance Authority. Money on deposit in the Program Account held by the Trustee and created hereunder may be invested by the Trustee in Permitted Investments at the written direction of the Finance Authority or at the discretion of the Trustee. Any earnings on any of said account shall be held and administered in the account and utilized in the same manner as the other moneys on deposit therein.

**Section 5.8 Governmental Unit May Budget for Payments.** The Governmental Unit may, in its sole discretion, but without obligation and subject to the Constitution of the State, governing laws, and its budgetary requirements, make available properly budgeted and legally available funds

to defray any insufficiency of Pledged Revenues to pay Loan Agreement Payments; provided, however, the Governmental Unit has not covenanted and cannot covenant to make such funds available and has not pledged any of such funds for such purpose.

## ARTICLE VI THE PROJECT

Section 6.1 Agreement to Acquire the Project. The Governmental Unit hereby agrees that to effectuate the purposes of this Loan Agreement and to effectuate the acquisition and completion of the Project, it shall make, execute, acknowledge and transmit any contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and, in general, do all things which may be requisite or proper to acquire the Project. The Governmental Unit agrees to acquire and complete the Project through the application of moneys to be disbursed from the Program Account pursuant to Section 6.2 of this Loan Agreement.

Section 6.2 Disbursements From the Program Account. So long as no Event of Default shall occur, the Trustee shall disburse moneys from the Program Account in accordance with Section 6.2 of the Indenture upon receipt by the Trustee of a requisition substantially in the form of Exhibit "C" attached hereto signed by an Authorized Officer of the Governmental Unit.

No disbursement shall be made from the Program Account without the approval of Bond Counsel: (i) to reimburse the Governmental Unit's own funds for expenditures made prior to the Closing Date; (ii) to refund or advance refund any tax-exempt obligations issued by or on behalf of the Governmental Unit; (iii) to be used, directly or indirectly, to finance a project used or to be used in the trade or business of a person who is not a "governmental unit," within the meaning of Section 141(b)(6) of the Code; or (iv) to expend funds after the date that is three (3) years after the execution and delivery of this Loan Agreement.

Section 6.3 Completion of the Project. Upon completion of the Project, an Authorized Officer of the Governmental Unit shall deliver a certificate to the Finance Authority and the Trustee substantially in the form of Exhibit "D" attached hereto stating that, to the best of his or her knowledge, the Project has been completed and accepted by the Governmental Unit, and all costs have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Section 6.4 Application of Loan Agreement Proceeds Subsequent to Completion of the Project. Upon completion of the Project as signified by delivery of the completion certificate contemplated in Section 6.3 hereof or in the event that the Finance Authority and the Trustee shall not have received a certificate of completion as required by Section 6.3 hereof by the date three (3) years from the Closing Date (or such later date as is approved in writing by Bond Counsel), the Trustee shall transfer the amounts remaining in the Program Account (except amounts necessary for payment of amounts not then due and payable) to the Finance Authority Debt Service Account and such amounts shall be used for the payment of Loan Agreement Payments.

**ARTICLE VII  
COMPLIANCE WITH LAWS  
AND RULES; OTHER COVENANTS**

**Section 7.1 Further Assurances and Corrective Instruments.** The Finance Authority and the Governmental Unit agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or of the Pledged Revenues, or for otherwise carrying out the intention hereof.

**Section 7.2 Finance Authority and Governmental Unit Representatives.** Whenever under the provisions hereof the approval of the Finance Authority or the Governmental Unit is required, or the Governmental Unit or the Finance Authority is required to take some action at the request of the other, such approval or such request shall be given for the Finance Authority or for the Governmental Unit by an Authorized Officer of the Finance Authority or the Governmental Unit, as the case may be, and any party hereto shall be authorized to act on any such approval or request.

**Section 7.3 Requirements of Law.** During the Loan Agreement Term, the Governmental Unit and the Finance Authority shall observe and comply promptly with all current and future orders of all courts having jurisdiction over the parties hereto, to the extent such orders relate to or govern the Project or the Pledged Revenues.

**Section 7.4 First Lien; Equality of Liens.** Assessment Revenues required to be paid within the District are secured by a lien on the lots, tracts or parcels of land so assessed. That lien is coequal with the lien for general, ad valorem taxes and the lien of other improvement districts, and is superior to all other liens, claims and titles. All of the Governmental Unit's right, title and interest in and to the Assessment Revenues are authorized to, and may lawfully be pledged by the Governmental Unit to, and are hereby pledged to, and the Governmental Unit hereby grants a security interest therein, to the Finance Authority for the payment of the Loan Agreement Payments and any other amounts due under the Loan Agreement. Except as described in this Section 7.4, the Loan Agreement Payments constitute an irrevocable and exclusive first lien on the Assessment Revenues as set forth in the Loan Agreement and the Resolution.

The Loan Agreement Payments constitute an irrevocable first lien (but not necessarily an exclusive first lien) upon the Gross Receipts Tax Revenues. The Governmental Unit covenants that the Loan Agreement Payments and any Parity Obligations herein authorized to be issued and from time to time outstanding shall be equitably and ratably secured by a first lien on the Gross Receipts Tax Revenues and shall not be entitled to any priority one over the other in the application of the Gross Receipts Tax Revenues regardless of the time or times of the issuance of such obligations, it being the intention of the Governmental Unit that there shall be no priority between the Loan Agreement Payments and any such Parity Obligations regardless of the fact that they may be actually issued and delivered at different times.

**Section 7.5 Expeditious Completion.** The Governmental Unit shall complete the Project with all practical dispatch.

**Section 7.6 Bank Designation of Loan Agreement.** For purposes of and in accordance with Section 265 of the Code, the Governmental Unit hereby designates this Loan Agreement as an

issue qualifying for the exception for certain qualified tax-exempt obligations to the rule denying banks and other financial institutions 100% of the deduction for interest expenses which is allocable to tax-exempt interest. The Governmental Unit reasonably anticipates that the total amount of tax exempt obligations (other than obligations described in Section 265(b)(3)(C)(ii) of the Code) which will be issued by the Governmental Unit and by any aggregated issuer during the current calendar year will not exceed \$10,000,000. For purposes of this Section 7.6, "aggregated issuer" means any entity which: (i) issues obligations on behalf of the Governmental Unit; (ii) derives its issuing authority from the Governmental Unit; or (iii) is controlled directly or indirectly by the Governmental Unit within the meaning of Treasury Regulation Section 1.150-1(e). The Governmental Unit hereby represents that: (a) it has not created and does not intend to create and does not expect to benefit from any entity formed or availed of to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code; and (b) the total amount of obligations so designated by the Governmental Unit, and all aggregated issuers for the current calendar year, does not exceed \$10,000,000.

**Section 7.7 Arbitrage Rebate Exemption.** The Governmental Unit hereby certifies and warrants, for the purpose of qualifying for the exception contained in Section 148(f)(4)(D) of the Code, to the requirement to rebate arbitrage earnings from investments of the proceeds of the Loan Agreement (the "Rebate Exemption"), that: (i) this Loan Agreement is issued by the Governmental Unit which has general taxing powers; (ii) neither this Loan Agreement nor any portion thereof is a private activity bond as defined in Section 141 of the Code ("Private Activity Bond"); (iii) all of the net proceeds of this Loan Agreement are to be used for local government activities of the Governmental Unit (or of a governmental unit, the jurisdiction of which is entirely within the jurisdiction of the Governmental Unit); and (iv) neither the Governmental Unit nor any aggregated issuer has issued or is reasonably expected to issue any Tax-Exempt Bonds other than (A) Private Activity Bonds (as those terms are used in Section 148(f)(4)(D) of the Code) and (B) bonds issued to refund (other than to advance refund (as used in the Code)) any bond to the extent the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, during the current calendar year, which would in the aggregate amount exceed \$5,000,000. For purposes of this paragraph, "aggregated issuer" means any entity which: (a) issues obligations on behalf of the Governmental Unit; (b) derives its issuing authority from the Governmental Unit; or (c) is controlled directly or indirectly by the Governmental Unit within the meaning of Treasury Regulation Section 1.150-1(e). The Governmental Unit hereby represents that it has not created, does not intend to create and does not expect to benefit from any entity formed or availed of to avoid the purposes of Section 148(f)(4)(D) of the Code.

Accordingly, with respect to the Loan Agreement, the Governmental Unit will qualify for the rebate exemption granted under Section 148(f)(4)(D) of the Code and the Governmental Unit shall be treated as meeting the requirements of paragraphs (2) and (3) of Section 148(f) of the Code relating to the required rebate of arbitrage earnings to the United States.

The Governmental Unit hereby further represents and covenants that if it is determined that rebatable arbitrage, as that term is defined under Section 148 of the Code and related regulations, is required to be paid to the United States, that it will pay such rebatable arbitrage.

## ARTICLE VIII PREPAYMENT OF LOAN AGREEMENT PAYMENTS

**Section 8.1    Prepayment.** The Governmental Unit is hereby granted the option to prepay any of the Principal Components of this Loan Agreement in whole or in part on any day on or after one (1) year following the Closing Date without penalty or prepayment premium. The Governmental Unit may designate the due dates of any Principal Components being prepaid in the event of a partial prepayment. Notice of intent to make such prepayment shall be provided to the Finance Authority and the Trustee by the Governmental Unit no less than forty-five (45) days prior to the prepayment date. The Trustee shall recalculate the Loan Agreement Payments due under this Loan Agreement in the event of a partial prepayment in a manner which is consistent with the manner in which the Bonds, if any, are prepaid.

**Section 8.2    Defeasance.** Should the Governmental Unit pay or make provision for payment of the Loan such that all amounts due pursuant to this Loan Agreement shall be deemed to have been paid and defeased, then the Loan Agreement Payments hereunder shall also be deemed to have been paid, the Governmental Unit's payment obligations hereunder shall be terminated, this Loan Agreement and all obligations contained herein shall be discharged and the pledge hereof released. Such payment shall be deemed made when the Governmental Unit has deposited with an escrow agent, in trust, (i) moneys sufficient to make such payment, and/or (ii) noncallable Government Obligations maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment and when all necessary and proper expenses of the Finance Authority have been paid or provided for. In the event the Governmental Unit makes provisions for defeasance of this Loan Agreement, the Governmental Unit shall cause to be delivered (1) a report of an independent nationally recognized certified public accountant verifying the sufficiency of the escrow established to pay this Loan Agreement in full when due or upon an irrevocably designated prepayment date, and (2) an opinion of Bond Counsel to the effect that this Loan Agreement is no longer outstanding, each of which shall be addressed and delivered to the Finance Authority. Government Obligations within the meaning of this Section 8.2, unless otherwise approved by the Finance Authority, shall include only (1) cash, (2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGs"), and (3) obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

## ARTICLE IX INDEMNIFICATION

From and to the extent of the Pledged Revenues, to the extent permitted by law, the Governmental Unit shall and hereby agrees to indemnify and save the Finance Authority and the Trustee harmless against and from all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the acquisition or operation of the Project during the Loan Agreement Term, from: (i) any act of negligence or other misconduct of the Governmental Unit or breach of any covenant or warranty by the Governmental Unit hereunder; and (ii) the incurrence of any cost or expense in connection with the acquisition or operation of the Project in excess of the Loan Agreement proceeds and interest on the investment thereof. The Governmental Unit shall indemnify and save the Finance Authority and the Trustee harmless, from and to the extent of the available Pledged Revenues, from any such claim arising as aforesaid from (i) or (ii) above, or in connection with any action or proceeding brought thereon and, upon notice from the Finance

Authority or the Trustee, shall defend the Finance Authority or the Trustee, as applicable, in any such action or proceeding.

## ARTICLE X EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default Defined. Any one of the following shall be an Event of Default under this Loan Agreement:

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

(b) Failure by the Governmental Unit to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in paragraph (a), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the Governmental Unit by the Finance Authority or the Trustee unless the Finance Authority and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice can be wholly cured within a period of time not materially detrimental to the rights of the Finance Authority or the Trustee but cannot be cured within the applicable thirty (30) day period, the Finance Authority and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Governmental Unit within the applicable period and diligently pursued until the failure is corrected; and provided, further, that if by reason of force majeure the Governmental Unit is unable to carry out the agreements on its part herein contained, the Governmental Unit shall not be deemed in default under this paragraph (b) during the continuance of such inability (but force majeure shall not excuse any other Event of Default);

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

(d) A petition is filed against the Governmental Unit under any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within thirty (30) days after such filing, but the Finance Authority and the Trustee shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests;

(e) The Governmental Unit files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under any such law; or

(f) The Governmental Unit admits insolvency or bankruptcy or its inability to pay its debts as they become due or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including, without limitation, a receiver, liquidator or trustee) of the Governmental Unit for any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than thirty (30) days, but the Finance Authority and the



Trustee shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests.

**Section 10.2 Remedies on Default.** Whenever any Event of Default has occurred and is continuing and subject to Section 10.3 hereof, the Finance Authority or the Trustee may take any or all of the following actions as may appear necessary or desirable to collect the payments then due and to become due or to enforce performance of any agreement of the Governmental Unit in this Loan Agreement or the Intercept Agreement:

(a) By mandamus or other action or proceeding or suit at law or in equity to enforce the rights of the Finance Authority and the Trustee under this Loan Agreement and the Intercept Agreement against the Governmental Unit, and compel the Governmental Unit to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained herein; or

(b) By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Finance Authority or the Trustee; or

(c) Intervene in judicial proceedings that affect this Loan Agreement or the Pledged Revenues; or

(d) Cause the Governmental Unit to account as if it were the trustee of an express trust for all of the Pledged Revenues; or

(e) Take whatever other action at law or in equity may appear necessary or desirable to collect amounts then due and thereafter to become due under this Loan Agreement or to enforce any other of its rights thereunder; or

(f) Apply any amounts in the Program Account toward satisfaction of any of the obligations of the Governmental Unit under this Loan Agreement.

**Section 10.3 Limitations on Remedies.** A judgment requiring a payment of money entered against the Governmental Unit may reach only the available Pledged Revenues.

**Section 10.4 No Remedy Exclusive.** Subject to Section 10.3 hereof, no remedy herein conferred upon or reserved to the Finance Authority or the Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder as now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Finance Authority or the Trustee to exercise any remedy reserved in this Article X, it shall not be necessary to give any notice, other than such notice as may be required in this Article X.

**Section 10.5 Waivers of Events of Default.** The Finance Authority or the Trustee may in its discretion waive or rescind by written waiver or rescission any Event of Default hereunder and the consequences of such an Event of Default provided, however, that there shall not be waived: (i) any Event of Default in the payment of the principal of this Loan Agreement at the date when due as specified herein; or (ii) any default in the payment when due of the interest on this Loan

Agreement, unless prior to such waiver or rescission, all arrears of interest, with interest at the rate borne by this Loan Agreement on all arrears of payments of principal and all expenses of the Finance Authority or the Trustee, in connection with such Event of Default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Finance Authority or the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case, the Finance Authority and the Trustee shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 10.6 No Additional Waiver Implied by One Waiver. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be in writing and limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.7 Agreement to Pay Attorneys' Fees and Expenses. In the event that the Governmental Unit shall default under any of the provisions hereof and the Finance Authority or the Trustee shall employ attorneys or incur other expenses for the collection of payments hereunder, or the enforcement of performance or observance of any obligation or agreement on the part of the Governmental Unit herein contained, the Governmental Unit agrees that it shall on demand therefor pay to the Finance Authority or the Trustee, as applicable, the fees of such attorneys and such other expenses so incurred, to the extent that such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction; provided, however, that the obligation of the Governmental Unit under this Section shall be limited to expenditures from and to the extent of the available Pledged Revenues.

## ARTICLE XI MISCELLANEOUS

Section 11.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered as follows: if to the Governmental Unit, Grant County, P.O. Box 898, Silver City, New Mexico 88062, Attention: County Manager; if to the Finance Authority, New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501, Attention: Chief Executive Officer; and if to the Trustee, BOKF, NA, 100 Sun Avenue NE, Suite 500, Albuquerque, New Mexico 87109, Attention: Trust Division. The Governmental Unit, the Finance Authority, and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.2 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Finance Authority, the Governmental Unit and their respective successors and assigns, if any.

Section 11.3 Amendments. The Governmental Unit agrees that this Loan Agreement will not be amended without the prior written consent of the Finance Authority, and, if the Loan has been pledged under the Indenture (as defined herein), without the prior written consent of the Trustee (as defined herein), the Finance Authority and the Governmental Unit, pursuant to the Indenture.

**Section 11.4 No Liability of Individual Officers, Directors or Trustees.** No recourse under or upon any obligation, covenant or agreement contained in this Loan Agreement shall be had against any member, employee, director or officer, as such, past, present or future, of the Finance Authority, either directly or through the Finance Authority, or against any officer, employee, director, trustee or member of the Governing Body, past, present or future, as an individual so long as such individual was acting in good faith. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer, employee, director, trustee or member of the Governing Body or of the Finance Authority is hereby expressly waived and released by the Governmental Unit and by the Finance Authority as a condition of and in consideration for the execution of this Loan Agreement.

**Section 11.5 Severability.** In the event that any provision of this Loan Agreement, other than the requirement of the Governmental Unit to pay hereunder, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 11.6 Execution in Counterparts.** This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 11.7 Assignment by the Finance Authority.** Pursuant to the Indenture, this Loan Agreement and the Intercept Agreement may be assigned and transferred by the Finance Authority to the Trustee, which assignment and transfer is hereby acknowledged and approved by the Governmental Unit.

**Section 11.8 Compliance with Governing Law.** It is hereby declared by the Governing Body that it is the intention of the Governmental Unit by the execution of this Loan Agreement to comply in all respects with the provisions of the New Mexico Constitution and statutes as the same govern the pledge of the Pledged Revenues to payment of all amounts payable under this Loan Agreement.

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

**Section 11.10 Captions.** The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

(Signature pages follow)

IN WITNESS WHEREOF, the Finance Authority, on behalf of itself, and as approved by the Board of Directors of the Finance Authority on January 28, 2016, has executed this Loan Agreement in its corporate name; and the Governmental Unit has caused this Loan Agreement to be executed in its corporate name and the seal of the Governmental Unit affixed and attested by its duly authorized officers. All of the above are effective as of the date first above written.

NEW MEXICO FINANCE AUTHORITY

By: \_\_\_\_\_  
Robert P. Coalter, Chief Executive Officer

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

Sutin, Thayer & Browne A Professional Corporation  
As Loan Counsel

By: \_\_\_\_\_  
Suzanne Wood Bruckner

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

By: \_\_\_\_\_  
Daniel C. Opperman, General Counsel

IN WITNESS WHEREOF, the Finance Authority, on behalf of itself, and as approved by the Board of Directors of the Finance Authority on January 28, 2016, has executed this Loan Agreement in its corporate name; and the Governmental Unit has caused this Loan Agreement to be executed in its corporate name and the seal of the Governmental Unit affixed and attested by its duly authorized officers. All of the above are effective as of the date first above written.

NEW MEXICO FINANCE AUTHORITY

By: \_\_\_\_\_  
Robert P. Coalter, Chief Executive Officer

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

Sutin, Thayer & Browne A Professional Corporation  
As Loan Counsel

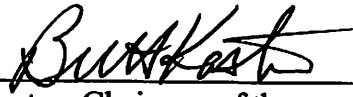
By: \_\_\_\_\_  
Suzanne Wood Bruckner

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


By: \_\_\_\_\_  
Daniel C. Opperman, General Counsel



GRANT COUNTY, NEW MEXICO


By:   
Brett Kasten, Chairman of the  
Board of County Commissioners

ATTEST:

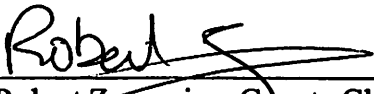
By:   
Robert Zamarripa, County Clerk

GRANT COUNTY, NEW MEXICO

[SEAL]

By:   
Brett Kasten, Chairman of the  
Board of County Commissioners

ATTEST:

By:   
Robert Zamarripa, County Clerk

**EXHIBIT "A"**

**TERM SHEET**

**New Mexico Finance Authority Loan No. 3440-PP**

<b>Governmental Unit:</b>	<b>Grant County, New Mexico</b>
<b>Project Description:</b>	<b>Purchase construction materials for a road improvement project in the Loma Verde Estates Subdivision within the geographic limits of the Governmental Unit</b>
<b>Loan Agreement Principal Amount:</b>	<b>\$115,513</b>
<b>Disadvantaged Funding Amount:</b>	<b>\$0</b>
<b>Pledged Revenues:</b>	<b>(i) Revenues of the first one-eighth of one percent (0.125%) increment of County Gross Receipts Tax imposed by an Ordinance passed and approved by the Governmental Unit on – June 23, 1987 with an effective date of January 1, 1988, pursuant to Section 7-20E-9, NMSA 1978, as amended and (ii) Moneys collected from the preliminary and final District special assessments levied from and after February 8, 2016 to pay for the Project and all amounts on deposit in the Finance Authority Debt Service Fund (including proceeds of foreclosure, as set forth in Sections 11 and 12 of the Resolution)</b>
<b>Coverage Ratio:</b>	<b>125%</b>
<b>Distributing State Agency for Gross Receipts Tax Revenues:</b>	<b>State of New Mexico Taxation and Revenue Department</b>
<b>Outstanding Parity Obligations:</b>	<b>Finance Authority Loan No. 2888-PP maturing May 2020; Finance Authority Loan No. 3209-PP maturing May 2024</b>
<b>Outstanding Subordinate Lien Obligations:</b>	<b>Water Trust Board Loan No. 0193-WTB maturing May 2031</b>
<b>Additional Parity Bonds Test:</b>	<b>125%</b>
<b>Authorizing Legislation:</b>	<b>Resolution No. R-16-17, adopted on March 17, 2016</b>
<b>Closing Date:</b>	<b>April 22, 2016</b>
<b>First Interest Payment Date:</b>	<b>May 1, 2017</b>
<b>First Principal Payment Date:</b>	<b>May 1, 2017</b>



Final Payment Date:	May 1, 2026
Blended Interest Rate:	1.557429%
Program Account Deposit:	\$114,646.00
Processing Fee:	\$ 866.35
Debt Service Account Deposit:	\$ 0.65

PROGRAM ACCOUNT DEPOSITS MUST BE USED WITHIN THREE YEARS UNLESS A  
LATER DATE IS APPROVED IN WRITING TO THE TRUSTEE AND THE FINANCE  
AUTHORITY BY BOND COUNSEL TO THE FINANCE AUTHORITY

**EXHIBIT "B"**

**DEBT SERVICE SCHEDULE FOR LOAN REPAYMENT**

**[SEE ATTACHED]**

## DETAILED BOND DEBT SERVICE

Grant County  
3440-PP Loma Verde Road Improvements

Loan Component (LOAN)

Period Ending	Principal	Coupon	Interest	Debt Service
05/01/2017	11,009	0.560%	1,554.41	12,563.41
05/01/2018	11,109	0.730%	1,454.84	12,563.84
05/01/2019	11,190	0.890%	1,373.76	12,563.76
05/01/2020	11,289	1.020%	1,274.16	12,563.16
05/01/2021	11,404	1.170%	1,159.02	12,563.02
05/01/2022	11,538	1.380%	1,025.58	12,563.58
05/01/2023	11,697	1.570%	866.36	12,563.36
05/01/2024	11,881	1.720%	682.72	12,563.72
05/01/2025	12,085	1.870%	478.36	12,563.36
05/01/2026	12,311	2.050%	252.38	12,563.38
	115,513		10,121.59	125,634.59

**EXHIBIT "C"**

**FORM OF REQUISITION**

**RE:** \$115,513 Loan Agreement by and between Grant County, New Mexico, and the New Mexico Finance Authority (the "Loan Agreement").

**TO:** BOKF, NA  
c/o New Mexico Finance Authority  
207 Shelby Street  
Santa Fe, New Mexico 87501  
Attn: Accounting

You are hereby authorized to disburse from the Program Account – Grant County, New Mexico (2016 Loma Verde SID Loan), with regard to the above-referenced Loan Agreement the following:

**LOAN NO.:** 3440-PP

**CLOSING DATE:** APRIL 22, 2016

**REQUISITION NUMBER:** \_\_\_\_\_

**NAME AND ADDRESS OF PAYEE:** \_\_\_\_\_

**AMOUNT OF PAYMENT:** \$ \_\_\_\_\_

**PURPOSE OF PAYMENT:** \_\_\_\_\_

Each obligation, item of cost or expense mentioned herein is for costs of the Project, is due and payable, has not been the subject of any previous requisition and is a proper charge against the Program Account – Grant County, New Mexico (2016 Loma Verde SID Loan).

All representations contained in the Loan Agreement and the related closing documents remain true and correct and Grant County, 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, Grant County, New Mexico, shall and understands its obligation to complete the acquisition of the Project from other legally available funds.

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

**DATED:** \_\_\_\_\_ **By:** \_\_\_\_\_  
Authorized Officer of Borrower

**Title:** \_\_\_\_\_  
Print Name and Title

**EXHIBIT "D"**

**CERTIFICATE OF COMPLETION**

**RE: \$47,600 Loan Agreement by and between Grant County, New Mexico and the New Mexico Finance Authority (the "Loan Agreement").**

**TO: New Mexico Finance Authority  
207 Shelby Street  
Santa Fe, New Mexico 87501  
Attn: Accounting**

**Susen Ellis  
Assistant Vice President, Corporate Trust  
BOKF, NA  
100 Sun Avenue NE, Suite 500  
Albuquerque, New Mexico 87109**

**LOAN NO.: 3440-PP**

**CLOSING DATE: April 22, 2016**

**In accordance with Section 6.3 of the Loan Agreement, the undersigned states, to the best of his or her knowledge, that the acquisition of the Project has been completed and accepted by the Governmental Unit, and all costs have been paid as of the date of this Certificate. Notwithstanding the foregoing, this certification is given without prejudice to any rights against third parties which exist at the date of this Certificate or which may subsequently come into being.**

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

**DATED: \_\_\_\_\_**

**By: \_\_\_\_\_  
Authorized Officer of Governmental Unit**

**Title: \_\_\_\_\_  
Print Name and Title**

## INTERCEPT AGREEMENT

This INTERCEPT AGREEMENT is made and entered into April 22, 2016, by and between the NEW MEXICO FINANCE AUTHORITY (the "Finance Authority"), a public body politic and corporate constituting a governmental instrumentality separate and apart from the State of New Mexico (the "State") under the laws of the State and GRANT COUNTY, NEW MEXICO, a political subdivision duly organized and existing under the laws of the State (the "Governmental Unit").

### WITNESSETH:

WHEREAS, Sections 6-21-1 through 6-21-31, NMSA 1978, as amended, authorized the creation of the Finance Authority within the State to assist in financing the cost of public projects of participating qualified entities, including the Governmental Unit, such as purchasing construction materials for a road improvement project in Loma Verde Estates Subdivision within the geographic limits of the Governmental Unit; and

WHEREAS, pursuant to Sections 6-21-1 through 6-21-31, NMSA 1978, as amended, and Sections 4-55A-1 through 4-55A-43, NMSA 1978, as amended (collectively, the "Act") the Finance Authority and the Governmental Unit are authorized to enter into agreements to facilitate the financing of the Project as described in the Loan Agreement by and between the Finance Authority and the Governmental Unit of even date herewith (the "Loan Agreement"); and

WHEREAS, the Governmental Unit desires to acquire the Project and such acquisition is permitted under the Act; and

WHEREAS, the Finance Authority has established its Loan Program (the "Program") funded by its public project revolving fund (as defined in the Act) for the financing of infrastructure and equipment projects upon the execution of the Loan Agreement and the assignment of loan agreements to a trustee (the "Trustee"); and

WHEREAS, the Governmental Unit desires to borrow \$115,513 from the Program for the purpose of financing the acquisition of the Project, which Loan is to be governed by this Intercept Agreement and by the Loan Agreement, respectively; and

WHEREAS, the Act confers upon the Finance Authority the authority to loan funds to the Governmental Unit to finance the Project, and Sections 7-1-6.13 and 7-1-6.15, NMSA 1978, as amended, authorize the Governmental Unit to direct that its distribution of the first one-eighth of one percent increment of County Gross Receipts Tax (the "Pledged Revenues") from the State Taxation and Revenue Department (the "Distributing State Agency") be paid to the Finance Authority or its assignee, to secure a portion of the payments under the Loan Agreement;

NOW THEREFORE, the parties hereto agree:

Unless otherwise defined in this Intercept Agreement and except where the context by clear implication otherwise requires, capitalized terms used in this Intercept Agreement shall have for all

purposes of this Intercept Agreement the meanings assigned thereto in the Loan Agreement and the Indenture, as defined in the Loan Agreement.

Section 1. Authorization to the Finance Authority. The Governmental Unit hereby recognizes that the Finance Authority has made a Loan to the Governmental Unit in the amount of \$115,513 to finance the acquisition of the Project. Pursuant to Section 5.2(a) of the Loan Agreement and this Intercept Agreement, the Governmental Unit shall directly make timely payment of all Loan Agreement Payments to the Finance Authority. In the event that the Governmental Unit fails to make timely payment of Loan Agreement Payments to the Finance Authority, the Governmental Unit agrees that all payments due on the Loan from the Pledged Revenues shall be paid by the Distributing State Agency to the Finance Authority or its designee, on behalf of the Governmental Unit, from scheduled distributions of the Pledged Revenues in accordance with the Intercept Schedule attached hereto as Exhibit "A" (the "Intercept Schedule").

This Intercept Agreement shall be deemed a written certification, authorization and request by the Governmental Unit to the Distributing State Agency to pay to the Finance Authority, on behalf of the Governmental Unit, sums shown on the Intercept Schedule from monthly distributions of the Pledged Revenues pursuant to Sections 7-1-6.13 and 7-1-6.15, NMSA 1978, as amended, to insure compliance with the Loan Agreement and repayment of the Loan. Upon written notice to the Distributing State Agency from the Finance Authority, the amount of the Pledged Revenues to be paid to the Finance Authority shall be increased from the amounts shown on Exhibit "A" to defray any delinquencies in the Finance Authority Debt Service Account or Loan Agreement Reserve Account, if any, established for the Governmental Unit. Any accumulation of the Pledged Revenues in an amount in excess of the next Loan Agreement Payment and the Loan Agreement Reserve Requirement, if any, shall be redirected by the Finance Authority to the benefit of the Governmental Unit on a timely basis as provided in Section 5.2 of the Loan Agreement.

To the extent that the Pledged Revenues are insufficient to meet the debt service requirements due on the Loan and other Parity Obligations (as defined in the Loan Agreement) now or hereafter issued or incurred, the amounts intercepted under this Intercept Agreement shall be applied to allow partial payment on a pro-rata basis of the debt service due and owing on the Loan Agreement and other Parity Obligations.

Section 2. Term; Amendments. This Intercept Agreement will remain in full force and effect from its effective date as herein provided until such time as the Loan made pursuant to the Loan Agreement and this Intercept Agreement have been paid in full. Nothing herein shall be deemed in any way to limit or restrict the Governmental Unit from issuing its own obligations, providing its own program or participating in any other program for the financing of public projects which the Governmental Unit may choose to finance. This Intercept Agreement may be amended only by written instrument signed by the parties hereto.

Section 3. Authorization. The execution and performance of the terms of this Intercept Agreement have been authorized and approved by Resolution No. R-16-17, passed and adopted on March 17, 2016 by the Governing Body of the Governmental Unit, which Resolution is in full force and effect on the date hereof.

Section 4. Severability of Invalid Provisions. If any one or more of the provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such provision shall be null and void and shall be deemed separable from the remaining provisions and shall in no way affect the validity of any of the other provisions hereof.

Section 5. Counterparts. This Intercept Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6. Further Authorization. The Governmental Unit agrees that the Finance Authority shall do all things necessary or convenient to the implementation of the Program to facilitate the Loan to the Governmental Unit.

Section 7. Effective Date. This Intercept Agreement shall take effect on the Closing Date of the Loan.

Section 8. Initial Intercept Date. As indicated on the Intercept Schedule, the first distribution of the Pledged Revenues that is to be intercepted by the Distributing State Agency under the terms of this Intercept Agreement consists of Pledged Revenues due to the Governmental Unit distributed in June, 2016.

Section 9. Final Intercept Date. Once the Loan has been fully paid off and satisfied, the Finance Authority shall provide written notice to the Distributing State Agency to discontinue the interception of the Governmental Unit's Pledged Revenues.

[Signature page follows]



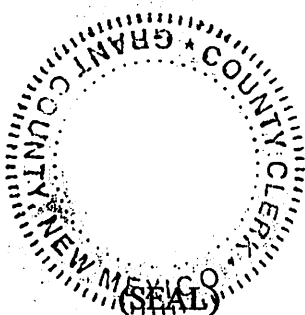
IN WITNESS WHEREOF, the parties to this Intercept Agreement have caused their names to be affixed hereto by the proper officers thereof as of the date first above written.

NEW MEXICO FINANCE AUTHORITY

By: \_\_\_\_\_  
Robert P. Coalter, Chief Executive Officer

GRANT COUNTY, NEW MEXICO

By: Brett Kasten  
Brett Kasten, Chairman of the  
Board of County Commissioners



Attest:

By: Robert Zamarripa  
Robert Zamarripa, County Clerk

Acknowledged:

By: \_\_\_\_\_  
State Taxation and Revenue Department

Date: \_\_\_\_\_

EXHIBIT "A"

INTERCEPT SCHEDULE  
GRANT COUNTY, NEW MEXICO

Dates	Pledged Revenues	Amount
Monthly, from June, 2016 through April, 2026	The distribution of the first one-eighth of one percent (0.125%) increment of County Gross Receipts Tax Revenues to Grant County, pursuant to Sections 7-20E-9 and 7-1-6.15, NMSA 1978, and the Ordinance adopted June 23, 1987, effective January 1, 1988, which distributions are made monthly by the State Taxation and Revenue Department	\$0 *

\* Except in the event that the Governmental Unit fails to make timely payments of Loan Agreement Payments, as provided in Section 5.2(a) of the Loan Agreement at which time a monthly collection schedule will be prepared by the Finance Authority and given to the Governmental Unit and the State Taxation and Revenue Department. The State Taxation and Revenue Department shall thereafter distribute Pledged Revenues set forth in the collection schedule to be applied to payment of the Loan as provided in the Loan Agreement and this Intercept Agreement.

\$115,513  
GRANT COUNTY, NEW MEXICO  
NEW MEXICO FINANCE AUTHORITY LOAN

STATE OF NEW MEXICO                    ) ss.   GENERAL AND NO LITIGATION  
GRANT COUNTY                            )       CERTIFICATE

IT IS HEREBY CERTIFIED by the undersigned, the duly elected and chosen Chairman of the Board of Commissioners, the County Manager, the County Clerk and the Attorney for Grant County (the "Governmental Unit") in the State of New Mexico (the "State") (provided, that the Attorney for the Governmental Unit is certifying only as to Paragraphs 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 13, 14, 16, 17, 18, 20, 21, 22, 24, 25 and 26 hereof):

Capitalized terms used in this Certificate have the same meaning as defined in the Governmental Unit's Resolution No. R-16-17, adopted on March 17, 2016 (the "Resolution") unless otherwise defined in this Certificate or the context requires otherwise.

1.     The Governmental Unit is a political subdivision of the State and is duly organized and validly existing under and pursuant to the laws of the State, its full name being "Grant County."

2.     The Governmental Unit was established in the year 1868, pursuant to Section 4-9-1, NMSA 1978, as amended.

3.     From at least December 16, 2015, to and including the date of this Certificate, the following were and now are the duly chosen, qualified and acting officers of the Governmental Unit:

Chairman:	Brett A. Kasten
Commissioners:	Gabriel Ramos Ronald Hall
County Manager:	Charlene Webb
County Treasurer:	Steve Armendariz
Finance Director:	Linda Vasquez
County Clerk:	Robert Zamarripa
County Attorney:	Abigail Robinson, Esq.

4.     The population of the Governmental Unit is not less than seventy-five percent (75%) English speaking and is less than twenty-five percent (25%) Spanish-speaking.

5. There is no reason within our knowledge why the Governmental Unit may not enter into the Loan Agreement and the Intercept Agreement with the New Mexico Finance Authority (the "Finance Authority"), as authorized by the Resolution for the purchase of construction materials for a road improvement project in the Loma Verde Estates Subdivision Improvement District (the "District").

6. The Governmental Unit has duly authorized the execution, delivery and performance of its obligations under the Loan Agreement and the Intercept Agreement. The Loan Agreement and the Intercept Agreement have been duly authorized, executed and delivered by the Governmental Unit.

7. The Resolution has been duly signed and adopted in accordance with all applicable laws and has not been repealed, rescinded, revoked, modified, amended or supplemented in any manner except as set forth in the Resolution. The Resolution constitutes valid and sufficient legal authority for the Governmental Unit to carry out and enforce the provisions of the Loan Agreement and the Intercept Agreement. No referendum petition has been filed with respect to the Resolution under the provisions of the laws, bylaws or regulations of the Governmental Unit or the State.

8. No event will result from the execution and delivery of the Loan Agreement or the Intercept Agreement that constitutes a default or an event of default under any of the Loan Agreement, the Intercept Agreement or the Resolution, and no event of default and no default under the Loan Agreement, the Intercept Agreement or the Resolution has occurred and is continuing on the date of this Certificate.

9. The Governmental Unit has duly authorized and approved the consummation by it of all transactions and has complied with all requirements and satisfied all conditions, which are required by the Loan Agreement and the Intercept Agreement to have been authorized, approved, performed or consummated by the Governmental Unit at or prior to the date of this Certificate. The Governmental Unit has full legal right, power and authority to carry out and consummate the transactions contemplated by the Resolution, the Intercept Agreement and the Loan Agreement.

10. A. All approvals, consents and orders of any governmental authority having jurisdiction in the matter which would constitute a condition precedent to the enforceability of the Loan Agreement or the Intercept Agreement or to any of the actions required to be taken by the Resolution, the Intercept Agreement or the Loan Agreement on or prior to the date of this Certificate have been obtained and are in full force and effect; and

B. All approvals, consents and orders of any governmental authority having jurisdiction in the matter which would constitute a condition precedent to the financing of the Project have been obtained and are in full force and effect.

11. None of the following does or will conflict with, or constitute a breach by the Governmental Unit of, or default by the Governmental Unit under any law, court decree or order, governmental regulation, rule or order, resolution, agreement, indenture, mortgage or other instrument to which the Governmental Unit is subject or by which it is bound:

A. The Governmental Unit's adoption of the Resolution; or

B. Any action contemplated by or pursuant to the Resolution, the Intercept Agreement or the Loan Agreement.

12. No material adverse change has occurred, nor has any development occurred involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects or properties of the Governmental Unit or the Pledged Revenues since the date of the Resolution.

13. To the best of our knowledge and belief, none of the events of default referred to in Article X of the Loan Agreement has occurred.

14. Subsequent to the adoption of the Resolution, the Governmental Unit has not pledged or otherwise encumbered the Pledged Revenues. On the date of this Certificate there are no other outstanding obligations with a lien or encumbrance against the Pledged Revenues senior to or on parity with the lien of the Loan Agreement, except as set forth in the Term Sheet attached as Exhibit "A" to the Loan Agreement.

15. The Loan Agreement prohibits the Governmental Unit from issuing any bonds or other obligations with a lien on the Pledged Revenues senior to the lien thereon of the Loan Agreement on the Pledged Revenues. The Loan Agreement permits the Governmental Unit to issue additional bonds or other obligations with a lien on the Pledged Revenues on a parity with or subordinate to the lien of the Loan Agreement on the Pledged Revenues, upon satisfaction of the conditions set forth in the Loan Agreement.

16. There is no threatened action, suit, proceeding, inquiry or investigation against the Governmental Unit, at law or in equity, by or before any court, public board or body, nor to the Governmental Unit's knowledge is there any basis therefor, affecting the existence of the Governmental Unit or the titles of its officials to their respective offices, or seeking to prohibit, restrain or enjoin the pledge of revenues or assets of the Governmental Unit pledged or to be pledged to pay the principal, premium, if any, and interest on the Loan Agreement, or in any way materially adversely affecting or questioning: (a) the territorial jurisdiction of the Governmental Unit; (b) the use of the proceeds of the Loan Agreement for the Project and to pay certain costs of the Finance Authority associated with the administration of its public projects revolving fund loan program; (c) the validity or enforceability of the Loan Agreement, the Intercept Agreement or any proceedings of the Governmental Unit taken with respect to the Loan Agreement, the Intercept Agreement or the Resolution; (d) the execution and delivery of the Loan Agreement or the Intercept Agreement; (e) the power of the Governmental Unit to carry out the transactions contemplated by the Loan Agreement, the Intercept Agreement or the Resolution; or (f) in any way question or affect the creation of the District.

17. The Governmental Unit has complied with all the covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof, and the representations and warranties of the Governmental Unit contained in the Loan Agreement and in the Resolution are true and correct as of the date hereof.

18. The Governmental Unit is not in default, and has not been in default within the ten (10) years immediately preceding the date of this Certificate, in the payment of principal of, premium, if any, or interest on any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest except that no representation is made with respect to industrial revenue bonds or conduit bonds payable solely from installment sale or lease payments, loan repayments or other amounts received by the Governmental Unit from private entities.

19. To the best of our knowledge and belief, neither the Chairman of the Board of County Commissioners, the County Manager, the County Clerk or any member of the Governing Body, nor any other officer, employee or other agent of the Governmental Unit is interested (except in the performance of his or her official rights, privileges, powers and duties), directly or indirectly, in the profits of any contract, or job for work, or services to be performed and appertaining to the Project.

20. Regular meetings of the Governing Body have been held at 1400 Highway 180 East, in Silver City, New Mexico, one of the principal meeting places of the Governing Body.

21. The Governing Body has no rules of procedure which would invalidate or make ineffective the Resolution or other action taken by the Governing Body in connection with the Loan Agreement. Open Meetings Act Resolution No. R-16-01, as adopted and approved by the Governing Body on January 14, 2016, establishes notice standards as required by Sections 10-15-1 through 10-15-4, NMSA 1978. Open Meetings Act Resolution No. R-16-01 has not been amended or repealed. All action of the Governing Body with respect to the Loan Agreement, the Intercept Agreement and the Resolution was taken at meetings held in compliance with Open Meetings Act Resolution No. R-16-01.

22. The *Silver City Daily Press* is a legal newspaper which is of general circulation in the Governmental Unit.

23. The Pledged Revenues from the Fiscal Year immediately preceding the Closing Date were equal to or exceeded, and, on an ongoing basis during each year of the Loan Agreement Term, are reasonably expected to equal or exceed one hundred twenty-five percent (125%) of the maximum Aggregate Annual Debt Service Requirement.

24. The Pledged Revenues may lawfully be pledged to secure payment of amounts due under the Loan Agreement.

25. The Chairman of the Board of County Commissioners and the County Clerk, on the date of the signing of the Loan Agreement and the Intercept Agreement and on the date of this Certificate, are the duly chosen, qualified and acting officers of the Governmental Unit authorized to execute such agreements.

26. Without opining as to the due creation of the District, all legislation and proceedings of the Board of County Commissioners with respect to the creation of the District by the Governmental Unit and the levy of special assessments against property within the District have been duly adopted and approved by the Governmental Unit and have not been repealed.

27. This Certificate is for the benefit of the Finance Authority.

28. This Certificate may be executed in counterparts.

[Signature page follows]


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WITNESS our hands and the corporate seal of the Governmental Unit this 22nd day of April, 2016.

GRANT COUNTY, NEW MEXICO

By   
Brett Kasten, Chairman of the  
Board of Commissioners

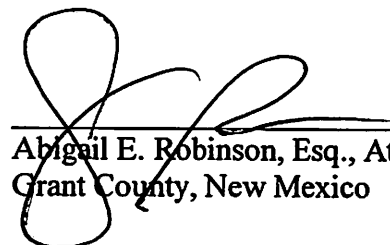
[SEAL]

By   
Charlene Webb, County Manager

By   
Robert Zamarripa, County Clerk

APPROVED:

Paragraphs 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 13, 14, 16, 17, 18, 20, 21, 22, 24, 25 and 26 are approved and confirmed.

  
Abigail E. Robinson, Esq., Attorney for  
Grant County, New Mexico



\$115,513  
GRANT COUNTY, NEW MEXICO  
NEW MEXICO FINANCE AUTHORITY LOAN

STATE OF NEW MEXICO  
GRANT COUNTY

) ss. ARBITRAGE AND TAX  
) CERTIFICATE

On behalf of Grant County, New Mexico (the "Governmental Unit"), and in connection with the Loan Agreement dated April 22, 2016 (the "Loan Agreement"); relating to financing the cost of purchasing construction materials for a road improvement project in Loma Verde Estates Subdivision within the geographic limits of the Governmental Unit and paying the Processing Fee (the "Project") as described in the Loan Agreement, and evidencing the Governmental Unit's obligation in the aggregate principal amount of \$115,513, the Governmental Unit hereby certifies as follows:

Capitalized terms used in this Certificate have the same meanings as defined in Resolution No. R-16-17, adopted on March 17, 2016 (the "Resolution") unless otherwise defined in this Certificate or the context requires otherwise.

1. The Project. The Governmental Unit is entering into the Loan Agreement simultaneously with delivery of this Certificate. The Loan Agreement evidences the loan (the "Loan") made by the New Mexico Finance Authority (the "Finance Authority") to provide funds to pay the costs of the Project and to pay certain costs incurred in connection with the execution and delivery of the Loan Agreement.

2. Security for the Loan Agreement. Debt service on the Loan Agreement will be secured by the pledged revenues described in Exhibit "A" attached to the Loan Agreement (the "Pledged Revenues") sufficient to pay debt service due in connection with the Loan, which Pledged Revenues have been pledged to the Finance Authority pursuant to the Loan Agreement.

3. Finance Authority Public Project Revolving Fund Program. The Governmental Unit acknowledges that the Finance Authority may assign and transfer the Loan Agreement to BOKF, NA; as successor trustee (the "Trustee") pursuant to an Indenture, as defined in the Loan Agreement, and all Supplemental Indentures thereto, between the Finance Authority and the Trustee (collectively, the "Indenture"). Pursuant to the Indenture, the Loan Agreement may be pledged as an Additional Pledged Loan (as defined in the Indenture) to the Trustee as additional security for the payment of amounts due on the Finance Authority's previously issued Public Project Revolving Fund Revenue Bonds outstanding at the time of such pledge.

4. Sources and Uses of Loan Funds. The Governmental Unit has received Loan proceeds from the public project revolving fund in the amount of \$115,513 from the Finance Authority (the "Proceeds"). The Proceeds do not exceed the amount reasonably necessary for the purposes for which the Loan Agreement was entered into.

5. Expenditure Expectations. The Governmental Unit expects to incur a substantial binding obligation within six (6) months of the date hereof with regard to the Project, which obligation involves the expenditure of no less than five percent (5%) of the Proceeds. The Governmental Unit reasonably expects that the completion of the Project and expenditure of the Proceeds will proceed with due diligence to completion and that all of the Proceeds will be expended within three (3) years of the date hereof.

The estimated total costs of the Project will not be less than \$114,646.00 plus investment earnings thereon during the acquisition period.

Proceeds in the amount of \$866.35 will be deducted from the Proceeds and paid directly to the Finance Authority as the Processing Fee for the costs of originating and servicing the Loan.

Proceeds in the amount of \$0.65 will be deposited into the Finance Authority Debt Service Account to be maintained by the Finance Authority or its assignee and utilized as provided in Section 5.2 of the Loan Agreement.

6. Investment of Proceeds. Except for the investment of the Proceeds (i) in the Program Account established under the Indenture with respect to the Loan Agreement pending the payment of the costs of the Project; and (ii) in the Finance Authority Debt Service Account established and administered by the Finance Authority pending the payment of debt service on the Loan Agreement, there will be no investment of the Proceeds.

7. Bona Fide Debt Service Fund. Debt service payments on the Loan Agreement will be paid from the Pledged Revenues of the Governmental Unit deposited to the Finance Authority Debt Service Account created with respect to the Loan Agreement. Because the Pledged Revenues of the Governmental Unit for any year will exceed debt service on the Loan Agreement, it is assumed that current debt service paid by the Governmental Unit for deposit in the Finance Authority Debt Service Account will be derived entirely from the current Pledged Revenues. The Finance Authority Debt Service Account will be depleted at least once a year except for an amount not to exceed the greater of the earnings on the Finance Authority Debt Service Account for the immediately preceding bond year or one-twelfth (1/12<sup>th</sup>) of debt service on the Loan for the immediately preceding bond year. The Governmental Unit has not created or established, nor does it expect to create or establish, any debt service fund, redemption fund, replacement fund, sinking fund or other similar fund which is reasonably expected to be used to pay principal or interest on the Loan Agreement or pledged therefor, except for the Finance Authority Debt Service Account.

7. No Disposition of Project. The undersigned reasonably expect that no part of the Project acquired with the Proceeds will be sold or otherwise disposed of, in whole or in part, during the term of the Loan Agreement.

9. General Tax Covenant. The Governmental Unit has covenanted in the Loan Agreement that no use will be made of the Proceeds, or any funds or accounts of the Governmental Unit which may be deemed to be gross proceeds of the Loan Agreement, which use, if it had been reasonably expected on the date hereof, would have caused the Loan Agreement to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. The Governmental Unit has

further obligated itself in the Loan Agreement to comply throughout the term of the Loan Agreement with the requirements of Sections 103 and 141 through 150 of the Code and regulations proposed or promulgated with respect thereto. Pursuant to the Loan Agreement, the Governmental Unit shall be liable for any rebatable arbitrage payable pursuant to Sections 103 and 141 through 150 of the Code and regulations proposed or promulgated with respect thereto.

10. Private Business Use Limitations. None of the Proceeds will be used by a private business or any entity other than a governmental unit or secured by payments from or property of a private business or any entity other than a governmental unit except pursuant to a management contract which conforms with Revenue Procedure 97-13 of the United States Treasury as modified by Revenue Procedure 2001-39 of the United States Treasury. For purposes of the preceding sentence a governmental unit does not include the United States Government or any agency or instrumentality thereof.

11. No Common Plan of Financing. There are no other obligations which are being issued or sold at substantially the same time as the Loan Agreement pursuant to a common plan of financing with the Loan Agreement and that will be paid out of the Pledged Revenues or will have substantially the same claim to be paid out of the Pledged Revenues as the Loan Agreement.

12. No Federal Guarantees. The Loan is not federally guaranteed within the meaning of Section 149(b) of the Code.

13. Information Filing. Loan Counsel for the Finance Authority, on behalf of the Governmental Unit, will timely file the Form 8038-G with respect to the Loan Agreement attached hereto as Exhibit "A" with the Internal Revenue Service. The Finance Authority has verified certain information necessary to complete the Form 8038-G as shown on the Finance Authority Certificate attached hereto as Exhibit "B".

14. Hedge Bonds. The Loan is not a hedge bond as defined in Section 149 of the Code.

15. No Reimbursement. None of the Proceeds will be used to reimburse the Governmental Unit for costs paid for the Project more than sixty (60) days prior to the date hereof.

16. No Refunding. Proceeds of the Loan are not being used to refund any other obligation of the Governmental Unit.

17. Economic Life of Project. The weighted average maturity of 5.626 years of the Loan Agreement does not exceed 120% of the reasonably expected economic life of the Project which is ten (10) years.

18. Qualified Tax-Exempt Obligations. The Loan Agreement is a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. The Governmental Unit represents that the reasonably anticipated amount of qualified tax-exempt obligations which will be issued by the Governmental Unit during the current calendar year does not exceed \$10,000,000 and the Governmental Unit will not designate more than \$10,000,000 of "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. For purposes of this Section, "aggregated issuer" means any entity which: (i) issues obligations on behalf of the Governmental Unit; (ii) derives its

issuing authority from the Governmental Unit; or (iii) is controlled directly or indirectly by the Governmental Unit within the meaning of Treasury Regulation Section 1.150-1(e).

19. Rebate Exception. The Governmental Unit is a governmental unit with general taxing powers, no part of the Loan Agreement is a private activity bond, ninety-five percent (95%) or more of the proceeds are to be used for local governmental activities of the Governmental Unit and, the aggregate face amount of all tax-exempt obligations issued by the Governmental Unit during the current calendar year is not reasonably expected to exceed \$5,000,000. There are no subordinate entities of the Governmental Unit which are authorized to issue tax-exempt obligations. If the Governmental Unit fails to satisfy all of the provisions of this paragraph 19 for any reason, as provided in the Loan Agreement and consistent with the covenants of the Governmental Unit contained therein, any rebate owed to the United States Treasury will be paid in the amounts and at the times provided in Section 148 of the Code.

20. Record Retention. The Governmental Unit will manage and retain records related to the Loan as follows:

A. Records will be retained for the life of the Loan, including any refunding loans related thereto, plus three (3) years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to the Loan and compliance functions;

B. Basic records relating to the Loan transaction, including transcript documents executed in connection with the issuance of the Loan (i.e., the authorizing documents, Form 8038-G, the tax certificate, and any elections made with respect to the Loan, if applicable), any amendments, and copies of rebate calculations and records of payments, including Forms 8038-T;

C. Records pertaining to the use of Loan-financed facilities by public and private sources including copies of management agreements and research agreements;

D. Records pertaining to expenditures of Loan proceeds including requisitions, appraisal and property purchase contracts, account statements, invoices, payment vouchers, and the final allocation of proceeds to expenditures;

E. Records pertaining to all sources of payment or security for the Loan; and

F. Records pertaining to investments including guaranteed investment contract documents under the Treasury Regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.

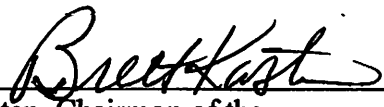
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[Signature page follows]


This certificate is being executed and delivered to establish the reasonable expectations of the Governmental Unit for purposes of Sections 103 and 141 through 148 of the Code, and the undersigned officers of the Governmental Unit are the officers of the Governmental Unit charged with the responsibility of entering into the Loan Agreement. The foregoing is based upon the reasonable expectations of the undersigned on the date hereof, and to the best of our knowledge, information and belief, the above expectations are reasonable.

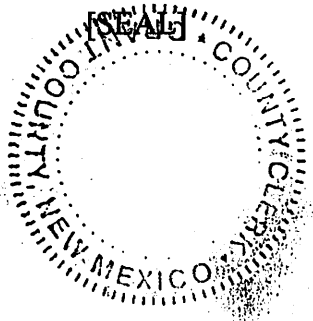
Dated: April 22, 2016

GRANT COUNTY, NEW MEXICO

By   
Brett Kasten, Chairman of the  
Board of County Commissioners

By   
Charlene Webb, County Manager

By   
Robert Zamarripa, County Clerk



\$115,513  
GRANT COUNTY, NEW MEXICO  
NEW MEXICO FINANCE AUTHORITY LOAN

STATE OF NEW MEXICO                    ) ss. DELIVERY, DEPOSIT AND  
GRANT COUNTY                            ) CROSS-RECEIPT CERTIFICATE

IT IS HEREBY CERTIFIED by the undersigned, the duly chosen, qualified and Acting Chairman of the Board of County Commissioners, County Manager and County Clerk of Grant County, New Mexico (the "Governmental Unit"):

1. On the date of this Certificate, the Governmental Unit executed and delivered, or caused to be executed and delivered, a Loan Agreement (the "Loan Agreement") between the Governmental Unit and the New Mexico Finance Authority (the "Finance Authority"), in the aggregate principal amount of \$115,513, as authorized by Governmental Unit Resolution No. R-16-17 (the "Resolution") adopted on March 17, 2016 relating to the execution and delivery of the Loan Agreement and the Intercept Agreement. The undersigned have received \$115,513 as proceeds from the Loan Agreement, being the full purchase price therefore.

2. The proceeds of the Loan Agreement will be placed in the funds and accounts created for the deposit of such moneys under the General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented, or the Subordinated General Indenture of Trust and Pledge dated as of March 1, 2005, as supplemented, each by and between the Finance Authority and BOKF, NA, as Trustee, and its successors and assigns, as determined by the Finance Authority pursuant to a Pledge Notification or Supplemental Indenture, as follows:

Governmental Unit's Account in the Program Fund:	\$114,646.00
Processing Fee paid to the Finance Authority:	866.35
Finance Authority Debt Service Deposit:	<u>0.65</u>
Total:	<u>\$115,513.00</u>

3. The proceeds of the Loan Agreement will be available to the Governmental Unit upon submittal of a Requisition Form to the Finance Authority in the form attached to the Loan Agreement as Exhibit "C" and will be used as set forth in the Resolution and the Loan Agreement.

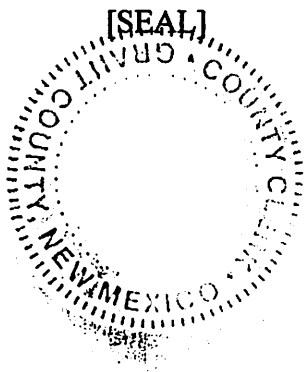
WITNESS our hands this 22nd day of April, 2016.

GRANT COUNTY, NEW MEXICO

By Brett Kasten  
Brett Kasten, Chairman of the  
Board of County Commissioners

By Charlene Webb  
Charlene Webb, County Manager

By Robert Zamarripa  
Robert Zamarripa, County Clerk



It is hereby certified by the undersigned, a duly qualified and acting official of the New Mexico Finance Authority that on the date of this Certificate, the New Mexico Finance Authority has received the Loan Agreement and the Intercept Agreement from Grant County.

NEW MEXICO FINANCE AUTHORITY

By: \_\_\_\_\_  
Robert P. Coalter, Chief Executive Officer



\$115,513  
GRANT COUNTY, NEW MEXICO  
NEW MEXICO FINANCE AUTHORITY LOAN

STATE OF NEW MEXICO                    )  
GRANT COUNTY                            ) ss. PLEDGED REVENUE CERTIFICATE

WHEREAS, Grant County, New Mexico (the "Governmental Unit") pursuant to Resolution No. R-13-26 adopted on May 23, 2013, executed and delivered a Loan Agreement (the "2013 Loan Agreement") between the Governmental Unit and the New Mexico Finance Authority (the "Finance Authority"), in the aggregate principal amount of \$708,684. The 2013 Loan Agreement is payable from the first one-eighth of one percent increment (0.125%) of Gross Receipts Tax imposed by an Ordinance passed and approved by the Governmental Unit on June 23, 1987, with an effective date of January 1, 1988 (the "Pledged Revenues").

WHEREAS, the Governmental Unit pursuant to Resolution No. R-14-43 adopted on August 14, 2014, executed and delivered a Loan Agreement between the Governmental Unit and the Finance Authority (the "2014 Loan Agreement") in the aggregate principal amount of \$47,960. The 2014 Loan Agreement is payable from the Pledged Revenues and assessment revenues levied in the Viva Santa Rita Subdivision Community Area Improvement District, as set forth in the 2014 Loan Agreement.

WHEREAS, the Governmental Unit pursuant to Resolution No. R-16-17 adopted on March 17, 2016, intends to execute and deliver on the date hereof its New Mexico Finance Authority Loan Agreement in the aggregate principal amount of \$115,513 for the purpose of purchasing construction materials for a road improvement project in the Loma Verde Estates Subdivision within the Governmental Unit (the "2016 Loan Agreement") payable from the Pledged Revenues and assessment revenues levied in the Loma Verde Estates Subdivision Improvement District, as set forth in the 2016 Loan Agreement.

WHEREAS, Section 5.5, "Additional Parity Obligations" of the 2013 Loan Agreement and the 2014 Loan Agreement provides as follows:

"Section 5.5 Additional Parity Obligations. No provision of this Loan Agreement shall be construed in such a manner as to prevent the issuance by the Governmental Unit of additional Parity Obligations payable from the Pledged Revenues, nor to prevent the issuance of bonds or other obligations refunding all or a part of this Loan Agreement; provided, however, that before any such additional Parity Obligations are actually issued (excluding refunding bonds or refunding obligations which refund Parity Obligations but including parity refunding bonds and obligations which refund subordinate obligations as provided in Section 5.6 hereof), it must be determined that:

(a) The Governmental Unit is then current in all of the accumulations required to be made into the NMFA Debt Service Account and the Loan Agreement Reserve Account as provided herein.

(b) No default shall exist in connection with any of the covenants or requirements of the Ordinance or this Loan Agreement.

(c) The Pledged Revenues received by or credited to the Governmental Unit for the Fiscal Year or for any twelve (12) consecutive months out of the twenty-four (24) months preceding the date of the issuance of such additional Parity Obligations (the "Historic Test Period") shall have been sufficient to pay an amount representing one hundred twenty-five percent (125%) of the combined maximum Aggregate Annual Debt Service Requirement coming due in any subsequent Fiscal Year on the then outstanding Parity Obligations and the Parity Obligations proposed to be issued (excluding the accumulation of any reserves therefor).

(d) A written certification or opinion by the Governmental Unit's Treasurer or chief financial officer or by an Independent Accountant that the Pledged Revenues for the Historic Test Period are sufficient to pay said amounts, shall be conclusively presumed to be accurate in determining the right of the Governmental Unit to authorize, issue, sell and deliver the Parity Obligations proposed to be issued.

(e) No provision of this Loan Agreement shall be construed in such a manner as to prevent the issuance by the Governmental Unit of additional bonds or other obligations payable from the Pledged Revenues constituting a lien upon such Pledged Revenues subordinate and junior to the lien of this Loan Agreement nor to prevent the issuance of bonds or other obligations refunding all or part of this Loan Agreement as permitted by Section 5.6 hereof.

(f) The Governmental Unit shall not issue bonds or other obligations payable from the Pledged Revenues having a lien thereon prior and superior to this Loan Agreement."

\* \* \*

WHEREAS, the principal and interest on the outstanding 2013 Loan Agreement coming due in each Fiscal Year to its last principal payment date is as follows:

**2013 Loan Agreement Debt Service Requirements**

Fiscal Year Ending	Principal	Interest	Total Payment
2017	\$103,135	\$5,220.10	\$108,355.10
2018	104,022	4,333.14	108,355.14
2019	105,124	3,230.52	108,354.52
2020	106,575	1,779.80	108,354.80

WHEREAS, the principal and interest on the 2014 Loan Agreement coming due in each Fiscal Year to its last principal date is as follows:

**2014 Loan Agreement Debt Service Requirements**

Fiscal Year Ending	Principal	Interest	Total Payment
2017	\$4,801	\$694.06	\$5,495.06
2018	4,835	660.44	5,495.44
2019	4,885	610.64	5,495.64
2020	4,952	543.24	5,495.24
2021	5,034	461.52	5,495.52
2022	5,130	365.38	5,495.38
2023	5,241	254.56	5,495.56
2024	5,363	131.92	5,494.92

WHEREAS, the principal and interest on the 2016 Loan Agreement coming due in each Fiscal Year to its last principal date is as follows:

**2016 Loan Agreement Debt Service Requirements**

Fiscal Year Ending	Principal	Interest	Total Payment
2017	\$11,009	\$1,554.41	\$12,563.41
2018	11,109	1,454.84	12,563.84
2019	11,190	1,373.76	12,563.76
2020	11,289	1,274.16	12,563.16
2021	11,404	1,159.02	12,563.02
2022	11,538	1,025.58	12,563.58
2023	11,697	866.36	12,563.36
2024	11,881	682.72	12,263.72
2025	12,085	478.36	12,563.36
2026	12,311	252.38	12,563.38

NOW THEREFORE, the undersigned do hereby certify as follows:

1. We are familiar with the provisions of the Resolutions authorizing the execution and delivery of the 2013 Loan Agreement, the 2014 Loan Agreement and the 2016 Loan Agreement, and with the provisions of the 2013 Loan Agreement, the 2014 Loan Agreement and the 2016 Loan Agreement.

2. We are familiar with the books, accounts and funds of the Governmental Unit pertaining to the Pledged Revenues.

3. Except as stated in the preambles to this Certificate, the Pledged Revenues have not been pledged or hypothecated to the payment of any outstanding superior or parity lien obligations and no other outstanding obligations are payable from the Pledged Revenues.

4. The Governmental Unit is not, and has not been in default as to making any payments on the 2013 Loan Agreement or the 2014 Loan Agreement, nor under any of the covenants or requirements of the 2013 Loan Agreement or the 2014 Loan Agreement.

5. The 2016 Loan Agreement is payable from the Pledged Revenues and will constitute a lien upon the Pledged Revenues on a parity with the lien of the outstanding 2013 Loan Agreement and 2014 Loan Agreement.

6. The fiscal year immediately preceding the date of the 2016 Loan Agreement is the period commencing on July 1, 2014 and ending on June 30, 2015.

7. The Pledged Revenues for the fiscal year ending June 30, 2015 are fairly stated at \$417,960.

8. The combined maximum Aggregate Annual Debt Service Requirements on the 2013 Loan Agreement, the 2014 Loan Agreement and the 2016 Loan Agreement for the parity bond test set out in the preambles of this Certificate occurs in Fiscal Year 2018 and is \$126,414.42. One hundred twenty-five percent (125%) of such amount is \$158,018.03.

9. The Pledged Revenues of \$417,960 (i.e., paragraph 7 above) for the fiscal year immediately preceding the date of the execution and delivery of the 2016 Loan Agreement were sufficient to pay an amount representing 125% of the combined maximum Aggregate Annual Debt Service Requirements of \$158,018.03 on the 2013 Loan Agreement, the 2014 Loan Agreement and the 2016 Loan Agreement.

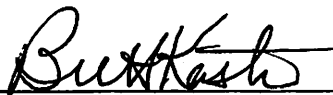
10. This certificate is for the benefit of each holder from time to time of the 2016 Loan Agreement and for the benefit of bond counsel in rendering opinions to the effect that the 2016 Loan Agreement is secured by a lien pledge on the Pledged Revenues on a parity with the 2013 Loan Agreement and the 2014 Loan Agreement.

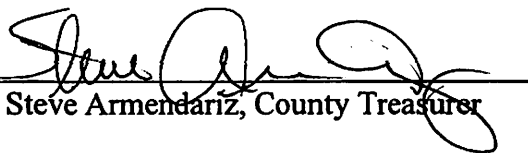
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(Signature page follows)

WITNESS our hands this 22<sup>nd</sup> day of April, 2016.

GRANT COUNTY, NEW MEXICO

By   
Brett Kasten, Chairman of the  
Board of Commissioners

By   
Steve Armendariz, County Treasurer

# Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

<b>Part I Reporting Authority</b>		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name <b>Grant County, New Mexico</b>		2 Issuer's employer identification number (EIN) <b>85-6000218</b>	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) <b>P.O. Box 898</b>	Room/suite	5 Report number (For IRS Use Only) <b>3</b>	
6 City, town, or post office, state, and ZIP code <b>Silver City, New Mexico 88062</b>		7 Date of issue <b>04/22/2016</b>	
8 Name of issue <b>Loma Verde Estates Loan from New Mexico Finance Authority</b>		9 CUSIP number <b>n/a</b>	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) <b>Charlene Webb, County Manager</b>		10b Telephone number of officer or other employee shown on 10a <b>575-574-0008</b>	

**Part II Type of Issue (enter the issue price).** See the instructions and attach schedule.

11 Education . . . . .	11		
12 Health and hospital . . . . .	12		
13 Transportation . . . . .	13	\$115,513	00
14 Public safety . . . . .	14		
15 Environment (including sewage bonds) . . . . .	15		
16 Housing . . . . .	16		
17 Utilities . . . . .	17		
18 Other. Describe ►	18		
19 If obligations are TANs or RANs, check only box 19a . . . . .			
If obligations are BANs, check only box 19b . . . . .			
20 If obligations are in the form of a lease or installment sale, check box . . . . .			

**Part III Description of Obligations.** Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	05/01/2026	\$ 115,513	\$ 115,513	5.626 years	1.5498 %

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

22 Proceeds used for accrued interest . . . . .	22		
23 Issue price of entire issue (enter amount from line 21, column (b)) . . . . .	23	\$115,513	00
24 Proceeds used for bond issuance costs (including underwriters' discount) . . . . .	24	866	35
25 Proceeds used for credit enhancement . . . . .	25		
26 Proceeds allocated to reasonably required reserve or replacement fund . . . . .	26		
27 Proceeds used to currently refund prior issues . . . . .	27		
28 Proceeds used to advance refund prior issues . . . . .	28		
29 Total (add lines 24 through 28) . . . . .	29	866	35
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) . . . . .	30		65

**Part V Description of Refunded Bonds.** Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded . . . . .	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded . . . . .	years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) . . . . .	
34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S


Form **8038-G** (Rev. 9-2011)

**Part VI Miscellaneous**

- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . . . . **35**
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) . . . . . **36a**
- b** Enter the final maturity date of the GIC ▶
- c** Enter the name of the GIC provider ▶
- 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units . . . . . **37**
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box ☐ and enter the following information:
- b** Enter the date of the master pool obligation ▶
- c** Enter the EIN of the issuer of the master pool obligation ▶
- d** Enter the name of the issuer of the master pool obligation ▶
- 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . . ☒
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . . ☐
- 41a** If the issuer has identified a hedge, check here ☐ and enter the following information:
- b** Name of hedge provider ▶
- c** Type of hedge ▶
- d** Term of hedge ▶
- 42** If the issuer has superintegrated the hedge, check box . . . . . ☐
- 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box . . . . . ☐
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box . . . . . ☐
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here ☐ and enter the amount of reimbursement . . . . .
- b** Enter the date the official intent was adopted ▶

**Signature and Consent**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

   
 Signature of issuer's authorized representative

3/17/16  
Date

Brett Kasten, Chairman, Co. Commission

Type or print name and title

**Paid Preparer Use Only**

Print/Type preparer's name

Suzanne Wood Bruckner

Preparer's signature

Date

Check ☐ if self-employed

PTIN

PO1629036

Firm's name ▶ Sutin, Thayer & Browne A Professional Corporation

Firm's EIN ▶ 85-0225124

Firm's address ▶ 6565 Americas Parkway NE, Suite 1000, Albuquerque, NM 87110

Phone no. 505-883-2500

## INTERCEPT AGREEMENT

This INTERCEPT AGREEMENT is made and entered into April 22, 2016, by and between the NEW MEXICO FINANCE AUTHORITY (the "Finance Authority"), a public body politic and corporate constituting a governmental instrumentality separate and apart from the State of New Mexico (the "State") under the laws of the State and GRANT COUNTY, NEW MEXICO, a political subdivision duly organized and existing under the laws of the State (the "Governmental Unit").

### WITNESSETH:

WHEREAS, Sections 6-21-1 through 6-21-31, NMSA 1978, as amended, authorized the creation of the Finance Authority within the State to assist in financing the cost of public projects of participating qualified entities, including the Governmental Unit, such as purchasing construction materials for a road improvement project in Loma Verde Estates Subdivision within the geographic limits of the Governmental Unit; and

WHEREAS, pursuant to Sections 6-21-1 through 6-21-31, NMSA 1978, as amended, and Sections 4-55A-1 through 4-55A-43, NMSA 1978, as amended (collectively, the "Act") the Finance Authority and the Governmental Unit are authorized to enter into agreements to facilitate the financing of the Project as described in the Loan Agreement by and between the Finance Authority and the Governmental Unit of even date herewith (the "Loan Agreement"); and

WHEREAS, the Governmental Unit desires to acquire the Project and such acquisition is permitted under the Act; and

WHEREAS, the Finance Authority has established its Loan Program (the "Program") funded by its public project revolving fund (as defined in the Act) for the financing of infrastructure and equipment projects upon the execution of the Loan Agreement and the assignment of loan agreements to a trustee (the "Trustee"); and

WHEREAS, the Governmental Unit desires to borrow \$115,513 from the Program for the purpose of financing the acquisition of the Project, which Loan is to be governed by this Intercept Agreement and by the Loan Agreement, respectively; and

WHEREAS, the Act confers upon the Finance Authority the authority to loan funds to the Governmental Unit to finance the Project, and Sections 7-1-6.13 and 7-1-6.15, NMSA 1978, as amended, authorize the Governmental Unit to direct that its distribution of the first one-eighth of one percent increment of County Gross Receipts Tax (the "Pledged Revenues") from the State Taxation and Revenue Department (the "Distributing State Agency") be paid to the Finance Authority or its assignee, to secure a portion of the payments under the Loan Agreement;

NOW THEREFORE, the parties hereto agree:

Unless otherwise defined in this Intercept Agreement and except where the context by clear implication otherwise requires, capitalized terms used in this Intercept Agreement shall have for all



purposes of this Intercept Agreement the meanings assigned thereto in the Loan Agreement and the Indenture, as defined in the Loan Agreement.

Section 1. Authorization to the Finance Authority. The Governmental Unit hereby recognizes that the Finance Authority has made a Loan to the Governmental Unit in the amount of \$115,513 to finance the acquisition of the Project. Pursuant to Section 5.2(a) of the Loan Agreement and this Intercept Agreement, the Governmental Unit shall directly make timely payment of all Loan Agreement Payments to the Finance Authority. In the event that the Governmental Unit fails to make timely payment of Loan Agreement Payments to the Finance Authority, the Governmental Unit agrees that all payments due on the Loan from the Pledged Revenues shall be paid by the Distributing State Agency to the Finance Authority or its designee, on behalf of the Governmental Unit, from scheduled distributions of the Pledged Revenues in accordance with the Intercept Schedule attached hereto as Exhibit "A" (the "Intercept Schedule").

This Intercept Agreement shall be deemed a written certification, authorization and request by the Governmental Unit to the Distributing State Agency to pay to the Finance Authority, on behalf of the Governmental Unit, sums shown on the Intercept Schedule from monthly distributions of the Pledged Revenues pursuant to Sections 7-1-6.13 and 7-1-6.15, NMSA 1978, as amended, to insure compliance with the Loan Agreement and repayment of the Loan. Upon written notice to the Distributing State Agency from the Finance Authority, the amount of the Pledged Revenues to be paid to the Finance Authority shall be increased from the amounts shown on Exhibit "A" to defray any delinquencies in the Finance Authority Debt Service Account or Loan Agreement Reserve Account, if any, established for the Governmental Unit. Any accumulation of the Pledged Revenues in an amount in excess of the next Loan Agreement Payment and the Loan Agreement Reserve Requirement, if any, shall be redirected by the Finance Authority to the benefit of the Governmental Unit on a timely basis as provided in Section 5.2 of the Loan Agreement.

To the extent that the Pledged Revenues are insufficient to meet the debt service requirements due on the Loan and other Parity Obligations (as defined in the Loan Agreement) now or hereafter issued or incurred, the amounts intercepted under this Intercept Agreement shall be applied to allow partial payment on a pro-rata basis of the debt service due and owing on the Loan Agreement and other Parity Obligations.

Section 2. Term; Amendments. This Intercept Agreement will remain in full force and effect from its effective date as herein provided until such time as the Loan made pursuant to the Loan Agreement and this Intercept Agreement have been paid in full. Nothing herein shall be deemed in any way to limit or restrict the Governmental Unit from issuing its own obligations, providing its own program or participating in any other program for the financing of public projects which the Governmental Unit may choose to finance. This Intercept Agreement may be amended only by written instrument signed by the parties hereto.

Section 3. Authorization. The execution and performance of the terms of this Intercept Agreement have been authorized and approved by Resolution No. R-16-17, passed and adopted on March 17, 2016 by the Governing Body of the Governmental Unit, which Resolution is in full force and effect on the date hereof.

Section 4. Severability of Invalid Provisions. If any one or more of the provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such provision shall be null and void and shall be deemed separable from the remaining provisions and shall in no way affect the validity of any of the other provisions hereof.

Section 5. Counterparts. This Intercept Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6. Further Authorization. The Governmental Unit agrees that the Finance Authority shall do all things necessary or convenient to the implementation of the Program to facilitate the Loan to the Governmental Unit.

Section 7. Effective Date. This Intercept Agreement shall take effect on the Closing Date of the Loan.

Section 8. Initial Intercept Date. As indicated on the Intercept Schedule, the first distribution of the Pledged Revenues that is to be intercepted by the Distributing State Agency under the terms of this Intercept Agreement consists of Pledged Revenues due to the Governmental Unit distributed in June, 2016.

Section 9. Final Intercept Date. Once the Loan has been fully paid off and satisfied, the Finance Authority shall provide written notice to the Distributing State Agency to discontinue the interception of the Governmental Unit's Pledged Revenues.

[Signature page follows]

IN WITNESS WHEREOF, the parties to this Intercept Agreement have caused their names to be affixed hereto by the proper officers thereof as of the date first above written.

NEW MEXICO FINANCE AUTHORITY

By: \_\_\_\_\_  
Robert P. Coalter, Chief Executive Officer

GRANT COUNTY, NEW MEXICO

By: Brett Kasten  
Brett Kasten, Chairman of the  
Board of County Commissioners



Attest:

By: Robert Zamarripa  
Robert Zamarripa, County Clerk

Acknowledged:

By: \_\_\_\_\_  
State Taxation and Revenue Department

Date: \_\_\_\_\_

EXHIBIT "A"

INTERCEPT SCHEDULE  
GRANT COUNTY, NEW MEXICO

Dates	Pledged Revenues	Amount
Monthly, from June, 2016 through April, 2026	The distribution of the first one-eighth of one percent (0.125%) increment of County Gross Receipts Tax Revenues to Grant County, pursuant to Sections 7-20E-9 and 7-1-6.15, NMSA 1978, and the Ordinance adopted June 23, 1987, effective January 1, 1988, which distributions are made monthly by the State Taxation and Revenue Department	\$0 *

\* Except in the event that the Governmental Unit fails to make timely payments of Loan Agreement Payments, as provided in Section 5.2(a) of the Loan Agreement at which time a monthly collection schedule will be prepared by the Finance Authority and given to the Governmental Unit and the State Taxation and Revenue Department. The State Taxation and Revenue Department shall thereafter distribute Pledged Revenues set forth in the collection schedule to be applied to payment of the Loan as provided in the Loan Agreement and this Intercept Agreement.

\$115,513  
GRANT COUNTY, NEW MEXICO  
NEW MEXICO FINANCE AUTHORITY LOAN

STATE OF NEW MEXICO                    ) ss.   GENERAL AND NO LITIGATION  
GRANT COUNTY                            )       CERTIFICATE

IT IS HEREBY CERTIFIED by the undersigned, the duly elected and chosen Chairman of the Board of Commissioners, the County Manager, the County Clerk and the Attorney for Grant County (the "Governmental Unit") in the State of New Mexico (the "State") (provided, that the Attorney for the Governmental Unit is certifying only as to Paragraphs 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 13, 14, 16, 17, 18, 20, 21, 22, 24, 25 and 26 hereof):

Capitalized terms used in this Certificate have the same meaning as defined in the Governmental Unit's Resolution No. R-16-17, adopted on March 17, 2016 (the "Resolution") unless otherwise defined in this Certificate or the context requires otherwise.

1.     The Governmental Unit is a political subdivision of the State and is duly organized and validly existing under and pursuant to the laws of the State, its full name being "Grant County."

2.     The Governmental Unit was established in the year 1868, pursuant to Section 4-9-1, NMSA 1978, as amended.

3.     From at least December 16, 2015, to and including the date of this Certificate, the following were and now are the duly chosen, qualified and acting officers of the Governmental Unit:

Chairman:	Brett A. Kasten
Commissioners:	Gabriel Ramos Ronald Hall
County Manager:	Charlene Webb
County Treasurer:	Steve Armendariz
Finance Director:	Linda Vasquez
County Clerk:	Robert Zamarripa
County Attorney:	Abigail Robinson, Esq.

4.     The population of the Governmental Unit is not less than seventy-five percent (75%) English speaking and is less than twenty-five percent (25%) Spanish-speaking.

5. There is no reason within our knowledge why the Governmental Unit may not enter into the Loan Agreement and the Intercept Agreement with the New Mexico Finance Authority (the "Finance Authority"), as authorized by the Resolution for the purchase of construction materials for a road improvement project in the Loma Verde Estates Subdivision Improvement District (the "District").

6. The Governmental Unit has duly authorized the execution, delivery and performance of its obligations under the Loan Agreement and the Intercept Agreement. The Loan Agreement and the Intercept Agreement have been duly authorized, executed and delivered by the Governmental Unit.

7. The Resolution has been duly signed and adopted in accordance with all applicable laws and has not been repealed, rescinded, revoked, modified, amended or supplemented in any manner except as set forth in the Resolution. The Resolution constitutes valid and sufficient legal authority for the Governmental Unit to carry out and enforce the provisions of the Loan Agreement and the Intercept Agreement. No referendum petition has been filed with respect to the Resolution under the provisions of the laws, bylaws or regulations of the Governmental Unit or the State.

8. No event will result from the execution and delivery of the Loan Agreement or the Intercept Agreement that constitutes a default or an event of default under any of the Loan Agreement, the Intercept Agreement or the Resolution, and no event of default and no default under the Loan Agreement, the Intercept Agreement or the Resolution has occurred and is continuing on the date of this Certificate.

9. The Governmental Unit has duly authorized and approved the consummation by it of all transactions and has complied with all requirements and satisfied all conditions, which are required by the Loan Agreement and the Intercept Agreement to have been authorized, approved, performed or consummated by the Governmental Unit at or prior to the date of this Certificate. The Governmental Unit has full legal right, power and authority to carry out and consummate the transactions contemplated by the Resolution, the Intercept Agreement and the Loan Agreement.

10. A. All approvals, consents and orders of any governmental authority having jurisdiction in the matter which would constitute a condition precedent to the enforceability of the Loan Agreement or the Intercept Agreement or to any of the actions required to be taken by the Resolution, the Intercept Agreement or the Loan Agreement on or prior to the date of this Certificate have been obtained and are in full force and effect; and

B. All approvals, consents and orders of any governmental authority having jurisdiction in the matter which would constitute a condition precedent to the financing of the Project have been obtained and are in full force and effect.

11. None of the following does or will conflict with, or constitute a breach by the Governmental Unit of, or default by the Governmental Unit under any law, court decree or order, governmental regulation, rule or order, resolution, agreement, indenture, mortgage or other instrument to which the Governmental Unit is subject or by which it is bound:

A. The Governmental Unit's adoption of the Resolution; or

B. Any action contemplated by or pursuant to the Resolution, the Intercept Agreement or the Loan Agreement.

12. No material adverse change has occurred, nor has any development occurred involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects or properties of the Governmental Unit or the Pledged Revenues since the date of the Resolution.

13. To the best of our knowledge and belief, none of the events of default referred to in Article X of the Loan Agreement has occurred.

14. Subsequent to the adoption of the Resolution, the Governmental Unit has not pledged or otherwise encumbered the Pledged Revenues. On the date of this Certificate there are no other outstanding obligations with a lien or encumbrance against the Pledged Revenues senior to or on parity with the lien of the Loan Agreement, except as set forth in the Term Sheet attached as Exhibit "A" to the Loan Agreement.

15. The Loan Agreement prohibits the Governmental Unit from issuing any bonds or other obligations with a lien on the Pledged Revenues senior to the lien thereon of the Loan Agreement on the Pledged Revenues. The Loan Agreement permits the Governmental Unit to issue additional bonds or other obligations with a lien on the Pledged Revenues on a parity with or subordinate to the lien of the Loan Agreement on the Pledged Revenues, upon satisfaction of the conditions set forth in the Loan Agreement.

16. There is no threatened action, suit, proceeding, inquiry or investigation against the Governmental Unit, at law or in equity, by or before any court, public board or body, nor to the Governmental Unit's knowledge is there any basis therefor, affecting the existence of the Governmental Unit or the titles of its officials to their respective offices, or seeking to prohibit, restrain or enjoin the pledge of revenues or assets of the Governmental Unit pledged or to be pledged to pay the principal, premium, if any, and interest on the Loan Agreement, or in any way materially adversely affecting or questioning: (a) the territorial jurisdiction of the Governmental Unit; (b) the use of the proceeds of the Loan Agreement for the Project and to pay certain costs of the Finance Authority associated with the administration of its public projects revolving fund loan program; (c) the validity or enforceability of the Loan Agreement, the Intercept Agreement or any proceedings of the Governmental Unit taken with respect to the Loan Agreement, the Intercept Agreement or the Resolution; (d) the execution and delivery of the Loan Agreement or the Intercept Agreement; (e) the power of the Governmental Unit to carry out the transactions contemplated by the Loan Agreement, the Intercept Agreement or the Resolution; or (f) in any way question or affect the creation of the District.

17. The Governmental Unit has complied with all the covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof, and the representations and warranties of the Governmental Unit contained in the Loan Agreement and in the Resolution are true and correct as of the date hereof.

18. The Governmental Unit is not in default, and has not been in default within the ten (10) years immediately preceding the date of this Certificate, in the payment of principal of, premium, if any, or interest on any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest except that no representation is made with respect to industrial revenue bonds or conduit bonds payable solely from installment sale or lease payments, loan repayments or other amounts received by the Governmental Unit from private entities.

19. To the best of our knowledge and belief, neither the Chairman of the Board of County Commissioners, the County Manager, the County Clerk or any member of the Governing Body, nor any other officer, employee or other agent of the Governmental Unit is interested (except in the performance of his or her official rights, privileges, powers and duties), directly or indirectly, in the profits of any contract, or job for work, or services to be performed and appertaining to the Project.

20. Regular meetings of the Governing Body have been held at 1400 Highway 180 East, in Silver City, New Mexico, one of the principal meeting places of the Governing Body.

21. The Governing Body has no rules of procedure which would invalidate or make ineffective the Resolution or other action taken by the Governing Body in connection with the Loan Agreement. Open Meetings Act Resolution No. R-16-01, as adopted and approved by the Governing Body on January 14, 2016, establishes notice standards as required by Sections 10-15-1 through 10-15-4, NMSA 1978. Open Meetings Act Resolution No. R-16-01 has not been amended or repealed. All action of the Governing Body with respect to the Loan Agreement, the Intercept Agreement and the Resolution was taken at meetings held in compliance with Open Meetings Act Resolution No. R-16-01.

22. The *Silver City Daily Press* is a legal newspaper which is of general circulation in the Governmental Unit.

23. The Pledged Revenues from the Fiscal Year immediately preceding the Closing Date were equal to or exceeded, and, on an ongoing basis during each year of the Loan Agreement Term, are reasonably expected to equal or exceed one hundred twenty-five percent (125%) of the maximum Aggregate Annual Debt Service Requirement.

24. The Pledged Revenues may lawfully be pledged to secure payment of amounts due under the Loan Agreement.

25. The Chairman of the Board of County Commissioners and the County Clerk, on the date of the signing of the Loan Agreement and the Intercept Agreement and on the date of this Certificate, are the duly chosen, qualified and acting officers of the Governmental Unit authorized to execute such agreements.

26. Without opining as to the due creation of the District, all legislation and proceedings of the Board of County Commissioners with respect to the creation of the District by the Governmental Unit and the levy of special assessments against property within the District have been duly adopted and approved by the Governmental Unit and have not been repealed.

27. This Certificate is for the benefit of the Finance Authority.




28. This Certificate may be executed in counterparts.


[Signature page follows]

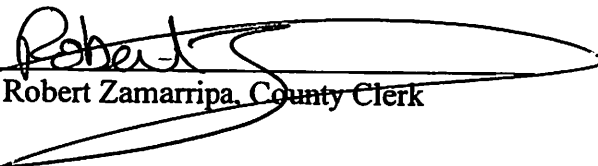
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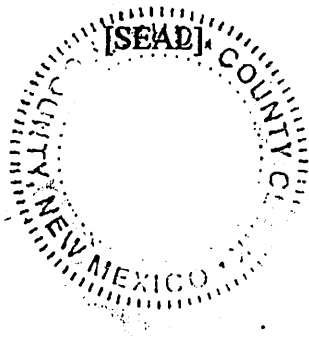
WITNESS our hands and the corporate seal of the Governmental Unit this 22nd day of April, 2016.

GRANT COUNTY, NEW MEXICO

By   
Brett Kasten, Chairman of the  
Board of Commissioners

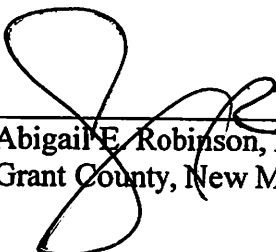
By   
Charlene Webb, County Manager

By   
Robert Zamarripa, County Clerk



APPROVED:

Paragraphs 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 13, 14, 16, 17, 18, 20, 21, 22, 24, 25 and 26 are approved and confirmed.

  
Abigail E. Robinson, Esq., Attorney for  
Grant County, New Mexico

\$115,513  
GRANT COUNTY, NEW MEXICO  
NEW MEXICO FINANCE AUTHORITY LOAN

STATE OF NEW MEXICO	)	ss. ARBITRAGE AND TAX
GRANT COUNTY	)	CERTIFICATE

On behalf of Grant County, New Mexico (the "Governmental Unit"), and in connection with the Loan Agreement dated April 22, 2016 (the "Loan Agreement"), relating to financing the cost of purchasing construction materials for a road improvement project in Loma Verde Estates Subdivision within the geographic limits of the Governmental Unit and paying the Processing Fee (the "Project") as described in the Loan Agreement, and evidencing the Governmental Unit's obligation in the aggregate principal amount of \$115,513, the Governmental Unit hereby certifies as follows:

Capitalized terms used in this Certificate have the same meanings as defined in Resolution No. R-16-17, adopted on March 17, 2016 (the "Resolution") unless otherwise defined in this Certificate or the context requires otherwise.

1. The Project. The Governmental Unit is entering into the Loan Agreement simultaneously with delivery of this Certificate. The Loan Agreement evidences the loan (the "Loan") made by the New Mexico Finance Authority (the "Finance Authority") to provide funds to pay the costs of the Project and to pay certain costs incurred in connection with the execution and delivery of the Loan Agreement.

2. Security for the Loan Agreement. Debt service on the Loan Agreement will be secured by the pledged revenues described in Exhibit "A" attached to the Loan Agreement (the "Pledged Revenues") sufficient to pay debt service due in connection with the Loan, which Pledged Revenues have been pledged to the Finance Authority pursuant to the Loan Agreement.

3. Finance Authority Public Project Revolving Fund Program. The Governmental Unit acknowledges that the Finance Authority may assign and transfer the Loan Agreement to BOKF, NA, as successor trustee (the "Trustee") pursuant to an Indenture, as defined in the Loan Agreement, and all Supplemental Indentures thereto, between the Finance Authority and the Trustee (collectively, the "Indenture"). Pursuant to the Indenture, the Loan Agreement may be pledged as an Additional Pledged Loan (as defined in the Indenture) to the Trustee as additional security for the payment of amounts due on the Finance Authority's previously issued Public Project Revolving Fund Revenue Bonds outstanding at the time of such pledge.

4. Sources and Uses of Loan Funds. The Governmental Unit has received Loan proceeds from the public project revolving fund in the amount of \$115,513 from the Finance Authority (the "Proceeds"). The Proceeds do not exceed the amount reasonably necessary for the purposes for which the Loan Agreement was entered into.

5. Expenditure Expectations. The Governmental Unit expects to incur a substantial binding obligation within six (6) months of the date hereof with regard to the Project, which obligation involves the expenditure of no less than five percent (5%) of the Proceeds. The Governmental Unit reasonably expects that the completion of the Project and expenditure of the Proceeds will proceed with due diligence to completion and that all of the Proceeds will be expended within three (3) years of the date hereof.

The estimated total costs of the Project will not be less than \$114,646.00 plus investment earnings thereon during the acquisition period.

Proceeds in the amount of \$866.35 will be deducted from the Proceeds and paid directly to the Finance Authority as the Processing Fee for the costs of originating and servicing the Loan.

Proceeds in the amount of \$0.65 will be deposited into the Finance Authority Debt Service Account to be maintained by the Finance Authority or its assignee and utilized as provided in Section 5.2 of the Loan Agreement.

6. Investment of Proceeds. Except for the investment of the Proceeds (i) in the Program Account established under the Indenture with respect to the Loan Agreement pending the payment of the costs of the Project; and (ii) in the Finance Authority Debt Service Account established and administered by the Finance Authority pending the payment of debt service on the Loan Agreement, there will be no investment of the Proceeds.

7. Bona Fide Debt Service Fund. Debt service payments on the Loan Agreement will be paid from the Pledged Revenues of the Governmental Unit deposited to the Finance Authority Debt Service Account created with respect to the Loan Agreement. Because the Pledged Revenues of the Governmental Unit for any year will exceed debt service on the Loan Agreement, it is assumed that current debt service paid by the Governmental Unit for deposit in the Finance Authority Debt Service Account will be derived entirely from the current Pledged Revenues. The Finance Authority Debt Service Account will be depleted at least once a year except for an amount not to exceed the greater of the earnings on the Finance Authority Debt Service Account for the immediately preceding bond year or one-twelfth (1/12<sup>th</sup>) of debt service on the Loan for the immediately preceding bond year. The Governmental Unit has not created or established, nor does it expect to create or establish, any debt service fund, redemption fund, replacement fund, sinking fund or other similar fund which is reasonably expected to be used to pay principal or interest on the Loan Agreement or pledged therefor, except for the Finance Authority Debt Service Account.

7. No Disposition of Project. The undersigned reasonably expect that no part of the Project acquired with the Proceeds will be sold or otherwise disposed of, in whole or in part, during the term of the Loan Agreement.

9. General Tax Covenant. The Governmental Unit has covenanted in the Loan Agreement that no use will be made of the Proceeds, or any funds or accounts of the Governmental Unit which may be deemed to be gross proceeds of the Loan Agreement, which use, if it had been reasonably expected on the date hereof, would have caused the Loan Agreement to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. The Governmental Unit has

further obligated itself in the Loan Agreement to comply throughout the term of the Loan Agreement with the requirements of Sections 103 and 141 through 150 of the Code and regulations proposed or promulgated with respect thereto. Pursuant to the Loan Agreement, the Governmental Unit shall be liable for any rebatable arbitrage payable pursuant to Sections 103 and 141 through 150 of the Code and regulations proposed or promulgated with respect thereto.

10. Private Business Use Limitations. None of the Proceeds will be used by a private business or any entity other than a governmental unit or secured by payments from or property of a private business or any entity other than a governmental unit except pursuant to a management contract which conforms with Revenue Procedure 97-13 of the United States Treasury as modified by Revenue Procedure 2001-39 of the United States Treasury. For purposes of the preceding sentence a governmental unit does not include the United States Government or any agency or instrumentality thereof.

11. No Common Plan of Financing. There are no other obligations which are being issued or sold at substantially the same time as the Loan Agreement pursuant to a common plan of financing with the Loan Agreement and that will be paid out of the Pledged Revenues or will have substantially the same claim to be paid out of the Pledged Revenues as the Loan Agreement.

12. No Federal Guarantees. The Loan is not federally guaranteed within the meaning of Section 149(b) of the Code.

13. Information Filing. Loan Counsel for the Finance Authority, on behalf of the Governmental Unit, will timely file the Form 8038-G with respect to the Loan Agreement attached hereto as Exhibit "A" with the Internal Revenue Service. The Finance Authority has verified certain information necessary to complete the Form 8038-G as shown on the Finance Authority Certificate attached hereto as Exhibit "B".

14. Hedge Bonds. The Loan is not a hedge bond as defined in Section 149 of the Code.

15. No Reimbursement. None of the Proceeds will be used to reimburse the Governmental Unit for costs paid for the Project more than sixty (60) days prior to the date hereof.

16. No Refunding. Proceeds of the Loan are not being used to refund any other obligation of the Governmental Unit.

17. Economic Life of Project. The weighted average maturity of 5.626 years of the Loan Agreement does not exceed 120% of the reasonably expected economic life of the Project which is ten (10) years.

18. Qualified Tax-Exempt Obligations. The Loan Agreement is a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. The Governmental Unit represents that the reasonably anticipated amount of qualified tax-exempt obligations which will be issued by the Governmental Unit during the current calendar year does not exceed \$10,000,000 and the Governmental Unit will not designate more than \$10,000,000 of "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. For purposes of this Section, "aggregated issuer" means any entity which: (i) issues obligations on behalf of the Governmental Unit; (ii) derives its

issuing authority from the Governmental Unit; or (iii) is controlled directly or indirectly by the Governmental Unit within the meaning of Treasury Regulation Section 1.150-1(e).

19. Rebate Exception. The Governmental Unit is a governmental unit with general taxing powers, no part of the Loan Agreement is a private activity bond, ninety-five percent (95%) or more of the proceeds are to be used for local governmental activities of the Governmental Unit and, the aggregate face amount of all tax-exempt obligations issued by the Governmental Unit during the current calendar year is not reasonably expected to exceed \$5,000,000. There are no subordinate entities of the Governmental Unit which are authorized to issue tax-exempt obligations. If the Governmental Unit fails to satisfy all of the provisions of this paragraph 19 for any reason, as provided in the Loan Agreement and consistent with the covenants of the Governmental Unit contained therein, any rebate owed to the United States Treasury will be paid in the amounts and at the times provided in Section 148 of the Code.

20. Record Retention. The Governmental Unit will manage and retain records related to the Loan as follows:

A. Records will be retained for the life of the Loan, including any refunding loans related thereto, plus three (3) years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to the Loan and compliance functions;

B. Basic records relating to the Loan transaction, including transcript documents executed in connection with the issuance of the Loan (i.e., the authorizing documents, Form 8038-G, the tax certificate, and any elections made with respect to the Loan, if applicable), any amendments, and copies of rebate calculations and records of payments, including Forms 8038-T;

C. Records pertaining to the use of Loan-financed facilities by public and private sources including copies of management agreements and research agreements;

D. Records pertaining to expenditures of Loan proceeds including requisitions, appraisal and property purchase contracts, account statements, invoices, payment vouchers, and the final allocation of proceeds to expenditures;

E. Records pertaining to all sources of payment or security for the Loan; and

F. Records pertaining to investments including guaranteed investment contract documents under the Treasury Regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.

[Remainder of page left blank intentionally]

[Signature page follows]

This certificate is being executed and delivered to establish the reasonable expectations of the Governmental Unit for purposes of Sections 103 and 141 through 148 of the Code, and the undersigned officers of the Governmental Unit are the officers of the Governmental Unit charged with the responsibility of entering into the Loan Agreement. The foregoing is based upon the reasonable expectations of the undersigned on the date hereof, and to the best of our knowledge, information and belief, the above expectations are reasonable.

Dated: April 22, 2016

GRANT COUNTY, NEW MEXICO

By Brett Kasten  
Brett Kasten, Chairman of the  
Board of County Commissioners

By Charlene Webb  
Charlene Webb, County Manager

By Robert Zamarripa  
Robert Zamarripa, County Clerk



\$115,513  
GRANT COUNTY, NEW MEXICO  
NEW MEXICO FINANCE AUTHORITY LOAN

STATE OF NEW MEXICO                    ) ss. DELIVERY, DEPOSIT AND  
GRANT COUNTY                            ) CROSS-RECEIPT CERTIFICATE

IT IS HEREBY CERTIFIED by the undersigned, the duly chosen, qualified and Acting Chairman of the Board of County Commissioners, County Manager and County Clerk of Grant County, New Mexico (the "Governmental Unit"):

1. On the date of this Certificate, the Governmental Unit executed and delivered, or caused to be executed and delivered, a Loan Agreement (the "Loan Agreement") between the Governmental Unit and the New Mexico Finance Authority (the "Finance Authority"), in the aggregate principal amount of \$115,513, as authorized by Governmental Unit Resolution No. R-16-17 (the "Resolution") adopted on March 17, 2016 relating to the execution and delivery of the Loan Agreement and the Intercept Agreement. The undersigned have received \$115,513 as proceeds from the Loan Agreement, being the full purchase price therefore.

2. The proceeds of the Loan Agreement will be placed in the funds and accounts created for the deposit of such moneys under the General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented, or the Subordinated General Indenture of Trust and Pledge dated as of March 1, 2005, as supplemented, each by and between the Finance Authority and BOKF, NA, as Trustee, and its successors and assigns, as determined by the Finance Authority pursuant to a Pledge Notification or Supplemental Indenture, as follows:

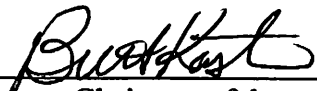
Governmental Unit's Account in the Program Fund:	\$114,646.00
Processing Fee paid to the Finance Authority:	866.35
Finance Authority Debt Service Deposit:	<u>0.65</u>
Total:	<u>\$115,513.00</u>


3. The proceeds of the Loan Agreement will be available to the Governmental Unit upon submittal of a Requisition Form to the Finance Authority in the form attached to the Loan Agreement as Exhibit "C" and will be used as set forth in the Resolution and the Loan Agreement.



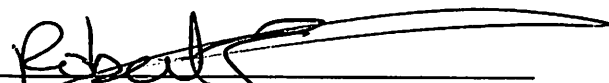
WITNESS our hands this 22nd day of April, 2016.

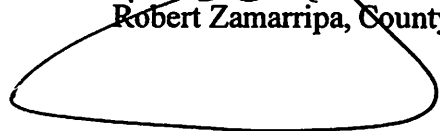
GRANT COUNTY, NEW MEXICO

By   
Brett Kasten, Chairman of the  
Board of County Commissioners

By   
Charlene Webb, County Manager

[SEAL]

By   
Robert Zamarripa, County Clerk



It is hereby certified by the undersigned, a duly qualified and acting official of the New Mexico Finance Authority that on the date of this Certificate, the New Mexico Finance Authority has received the Loan Agreement and the Intercept Agreement from Grant County.

NEW MEXICO FINANCE AUTHORITY

By: \_\_\_\_\_  
Robert P. Coalter, Chief Executive Officer

\$115,513  
GRANT COUNTY, NEW MEXICO  
NEW MEXICO FINANCE AUTHORITY LOAN

STATE OF NEW MEXICO                    )  
GRANT COUNTY                            ) ss. PLEDGED REVENUE CERTIFICATE

WHEREAS, Grant County, New Mexico (the "Governmental Unit") pursuant to Resolution No. R-13-26 adopted on May 23, 2013, executed and delivered a Loan Agreement (the "2013 Loan Agreement") between the Governmental Unit and the New Mexico Finance Authority (the "Finance Authority"), in the aggregate principal amount of \$708,684. The 2013 Loan Agreement is payable from the first one-eighth of one percent increment (0.125%) of Gross Receipts Tax imposed by an Ordinance passed and approved by the Governmental Unit on June 23, 1987, with an effective date of January 1, 1988 (the "Pledged Revenues").

WHEREAS, the Governmental Unit pursuant to Resolution No. R-14-43 adopted on August 14, 2014, executed and delivered a Loan Agreement between the Governmental Unit and the Finance Authority (the "2014 Loan Agreement") in the aggregate principal amount of \$47,960. The 2014 Loan Agreement is payable from the Pledged Revenues and assessment revenues levied in the Viva Santa Rita Subdivision Community Area Improvement District, as set forth in the 2014 Loan Agreement.

WHEREAS, the Governmental Unit pursuant to Resolution No. R-16-17 adopted on March 17, 2016, intends to execute and deliver on the date hereof its New Mexico Finance Authority Loan Agreement in the aggregate principal amount of \$115,513 for the purpose of purchasing construction materials for a road improvement project in the Loma Verde Estates Subdivision within the Governmental Unit (the "2016 Loan Agreement") payable from the Pledged Revenues and assessment revenues levied in the Loma Verde Estates Subdivision Improvement District, as set forth in the 2016 Loan Agreement.

WHEREAS, Section 5.5, "Additional Parity Obligations" of the 2013 Loan Agreement and the 2014 Loan Agreement provides as follows:

"Section 5.5 Additional Parity Obligations. No provision of this Loan Agreement shall be construed in such a manner as to prevent the issuance by the Governmental Unit of additional Parity Obligations payable from the Pledged Revenues, nor to prevent the issuance of bonds or other obligations refunding all or a part of this Loan Agreement; provided, however, that before any such additional Parity Obligations are actually issued (excluding refunding bonds or refunding obligations which refund Parity Obligations but including parity refunding bonds and obligations which refund subordinate obligations as provided in Section 5.6 hereof), it must be determined that:

(a) The Governmental Unit is then current in all of the accumulations required to be made into the NMFA Debt Service Account and the Loan Agreement Reserve Account as provided herein.

(b) No default shall exist in connection with any of the covenants or requirements of the Ordinance or this Loan Agreement.

(c) The Pledged Revenues received by or credited to the Governmental Unit for the Fiscal Year or for any twelve (12) consecutive months out of the twenty-four (24) months preceding the date of the issuance of such additional Parity Obligations (the "Historic Test Period") shall have been sufficient to pay an amount representing one hundred twenty-five percent (125%) of the combined maximum Aggregate Annual Debt Service Requirement coming due in any subsequent Fiscal Year on the then outstanding Parity Obligations and the Parity Obligations proposed to be issued (excluding the accumulation of any reserves therefor).

(d) A written certification or opinion by the Governmental Unit's Treasurer or chief financial officer or by an Independent Accountant that the Pledged Revenues for the Historic Test Period are sufficient to pay said amounts, shall be conclusively presumed to be accurate in determining the right of the Governmental Unit to authorize, issue, sell and deliver the Parity Obligations proposed to be issued.

(e) No provision of this Loan Agreement shall be construed in such a manner as to prevent the issuance by the Governmental Unit of additional bonds or other obligations payable from the Pledged Revenues constituting a lien upon such Pledged Revenues subordinate and junior to the lien of this Loan Agreement nor to prevent the issuance of bonds or other obligations refunding all or part of this Loan Agreement as permitted by Section 5.6 hereof.

(f) The Governmental Unit shall not issue bonds or other obligations payable from the Pledged Revenues having a lien thereon prior and superior to this Loan Agreement."

\* \* \*

WHEREAS, the principal and interest on the outstanding 2013 Loan Agreement coming due in each Fiscal Year to its last principal payment date is as follows:

**2013 Loan Agreement Debt Service Requirements**

Fiscal Year Ending	Principal	Interest	Total Payment
2017	\$103,135	\$5,220.10	\$108,355.10
2018	104,022	4,333.14	108,355.14
2019	105,124	3,230.52	108,354.52
2020	106,575	1,779.80	108,354.80

WHEREAS, the principal and interest on the 2014 Loan Agreement coming due in each Fiscal Year to its last principal date is as follows:

**2014 Loan Agreement Debt Service Requirements**

Fiscal Year Ending	Principal	Interest	Total Payment
2017	\$4,801	\$694.06	\$5,495.06
2018	4,835	660.44	5,495.44
2019	4,885	610.64	5,495.64
2020	4,952	543.24	5,495.24
2021	5,034	461.52	5,495.52
2022	5,130	365.38	5,495.38
2023	5,241	254.56	5,495.56
2024	5,363	131.92	5,494.92

WHEREAS, the principal and interest on the 2016 Loan Agreement coming due in each Fiscal Year to its last principal date is as follows:

**2016 Loan Agreement Debt Service Requirements**

Fiscal Year Ending	Principal	Interest	Total Payment
2017	\$11,009	\$1,554.41	\$12,563.41
2018	11,109	1,454.84	12,563.84
2019	11,190	1,373.76	12,563.76
2020	11,289	1,274.16	12,563.16
2021	11,404	1,159.02	12,563.02
2022	11,538	1,025.58	12,563.58
2023	11,697	866.36	12,563.36
2024	11,881	682.72	12,263.72
2025	12,085	478.36	12,563.36
2026	12,311	252.38	12,563.38

NOW THEREFORE, the undersigned do hereby certify as follows:

1. We are familiar with the provisions of the Resolutions authorizing the execution and delivery of the 2013 Loan Agreement, the 2014 Loan Agreement and the 2016 Loan Agreement, and with the provisions of the 2013 Loan Agreement, the 2014 Loan Agreement and the 2016 Loan Agreement.

2. We are familiar with the books, accounts and funds of the Governmental Unit pertaining to the Pledged Revenues.

3. Except as stated in the preambles to this Certificate, the Pledged Revenues have not been pledged or hypothecated to the payment of any outstanding superior or parity lien obligations and no other outstanding obligations are payable from the Pledged Revenues.

4. The Governmental Unit is not, and has not been in default as to making any payments on the 2013 Loan Agreement or the 2014 Loan Agreement, nor under any of the covenants or requirements of the 2013 Loan Agreement or the 2014 Loan Agreement.

5. The 2016 Loan Agreement is payable from the Pledged Revenues and will constitute a lien upon the Pledged Revenues on a parity with the lien of the outstanding 2013 Loan Agreement and 2014 Loan Agreement.

6. The fiscal year immediately preceding the date of the 2016 Loan Agreement is the period commencing on July 1, 2014 and ending on June 30, 2015.

7. The Pledged Revenues for the fiscal year ending June 30, 2015 are fairly stated at \$417,960.

8. The combined maximum Aggregate Annual Debt Service Requirements on the 2013 Loan Agreement, the 2014 Loan Agreement and the 2016 Loan Agreement for the parity bond test set out in the preambles of this Certificate occurs in Fiscal Year 2018 and is \$126,414.42. One hundred twenty-five percent (125%) of such amount is \$158,018.03.

9. The Pledged Revenues of \$417,960 (i.e., paragraph 7 above) for the fiscal year immediately preceding the date of the execution and delivery of the 2016 Loan Agreement were sufficient to pay an amount representing 125% of the combined maximum Aggregate Annual Debt Service Requirements of \$158,018.03 on the 2013 Loan Agreement, the 2014 Loan Agreement and the 2016 Loan Agreement.

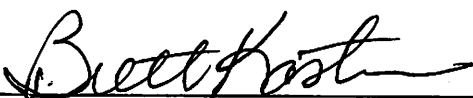
10. This certificate is for the benefit of each holder from time to time of the 2016 Loan Agreement and for the benefit of bond counsel in rendering opinions to the effect that the 2016 Loan Agreement is secured by a lien pledge on the Pledged Revenues on a parity with the 2013 Loan Agreement and the 2014 Loan Agreement.


(Remainder of page left blank intentionally)

(Signature page follows)

WITNESS our hands this 22<sup>nd</sup> day of April, 2016.

GRANT COUNTY, NEW MEXICO

By   
Brett Kasten, Chairman of the  
Board of Commissioners

By   
Steve Armendariz, County Treasurer

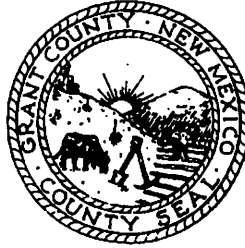
COMMISSIONERS

GABRIEL J. RAMOS  
DISTRICT 1

BRETT A. KASTEN  
DISTRICT 2

RON HALL  
DISTRICT 3

GRANT COUNTY



COUNTY MANAGER  
CHARLENE WEBB

Telephone: (575) 574-0008  
Fax: (575) 574-0073

March 22, 2016

Sutin Thayer & Browne  
Attn: Rita Jennings, Paralegal  
Two Park Square  
6565 Americas Parkway, N.E.  
Albuquerque, NM 87110

Re: New Mexico Finance Authority Loma Verde Loan (3440-PP)

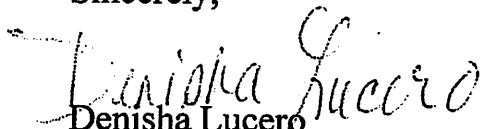
To Ms. Jennings:

Enclosed you will find the original documents of the above mentioned item.  
The request was presented to the Grant County Board of Commissioners on March 17, 2016 and was approved.

Once the documents have been fully executed please send a copy back for our County files.

If you should have any further questions or need additional information, please contact the County Manager's Office at 575-574-0006.

Sincerely,

  
Denisha Lucero

Administrative Assistant

Cc: Randy Villa, Fire Management Officer  
Linda Vasquez, Finance Director  
File

Office Of The Grant County Commissioners

1400 Highway 180 East, Silver City, NM 88061 • P. O. Box 898, Silver City, NM 88062



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A PROFESSIONAL CORPORATION  
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GRAHAM BROWNE (1935-2003)

DEREK V. LARSON (Of Counsel)  
NORMAN S. THAYER (Of Counsel)

ANDREW J. BARANOWSKI  
ANNE P. BROWNE

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SANTA FE, NEW MEXICO 87504  
505-988-5521  
FAX 505-982-5297

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March 14, 2016

**FEDERAL EXPRESS**

Ms. Charlene Webb, County Manager  
Grant County  
1400 Highway 180 East  
Silver City, New Mexico 88061

New Mexico Finance Authority Loma Verde Loan  
(3440-PP)

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Dear Charlene:

Enclosed are final versions of the documents listed below for the loan from the New Mexico Finance Authority. The documents are dated April 22, 2016, which is the date the loan will close. The signature pages have been marked for execution by the County officials designated.

1. **Resolution** (for completion of the quorum and vote information on pages 1 and 14, and for signature by the Chairman and Clerk on marked pages– please seal as well and add the meeting agenda as Exhibit A. I only need a copy of this. You may retain the original in your records).
2. **Loan Agreement** (for signature by the Chairman and Clerk – please seal as well).
3. **Intercept Agreement** (for signature by the Chairman and Clerk – please seal as well).
4. **General and No Litigation Certificate** (for signature by the Chairman and Clerk and you, as well as your attorney – please seal as well).
5. **Arbitrage and Tax Certificate** (for signature by the Chairman and Clerk and you – please seal as well).
6. **Delivery, Deposit and Cross-Receipt Certificate** (for signature by the Chairman and Clerk and you – please seal as well).

March 14, 2016

Page 2

7. **Pledged Revenue Certificate** (for signature by the Chairman and County Treasurer – please seal as well).
8. **Form 8038-G** (for signature by the Chairman).

Please have each of the signature pages signed and sealed where designated and return all of the documents and signature pages to me by **Friday, April 8, 2016**.

Thank you for your assistance in this process. If you have any questions, please don't hesitate to call me at (505) 883-3438.

Very truly yours,

SUTIN, THAYER & BROWNE  
A Professional Corporation

By \_\_\_\_\_  
Rita C. Jennings,  
Paralegal  
Albuquerque Office

Enclosures  
3831990.doc