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CITY OF SANTA FE, NEW MEXICO

BILL NO. 2018-23

INTRODUCED BY:

Councilor Christopher M. Rivera

AN ORDINANCE

CONCERNING THE MUNICIPAL WASTEWATER UTILITY SYSTEM OF THE CITY OF SANTA FE, NEW MEXICO (THE “SYSTEM”); PROVIDING FOR THE ISSUANCE OF THE CITY’S NET SYSTEM IMPROVEMENT BONDS, SERIES 2018, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$16,525,000 FOR THE EXTENSION, ENLARGEMENT, BETTERMENT, REPAIR AND OTHER IMPROVEMENT OF THE SYSTEM; PROVIDING THAT THE BONDS SHALL BE PAYABLE SOLELY OUT OF THE NET REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM; PROVIDING FOR THE ACQUISITION OF A RESERVE FUND INSURANCE POLICY IN CONNECTION WITH THE DEBT SERVICE RESERVE FUND ESTABLISHED IN CONNECTION WITH THE BONDS; PROVIDING FOR THE DISPOSITION OF THE REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE METHOD OF PAYING THE PRINCIPAL OF AND INTEREST ON THE BONDS AND THE SECURITY THEREFOR; PRESCRIBING OTHER DETAILS CONCERNING THE SYSTEM REVENUES, BONDS AND THE

1 SYSTEM, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN
2 CONNECTION THEREWITH AND WITH FUTURE FINANCING THEREFOR;
3 APPROVING FORMS OF A PRELIMINARY OFFICIAL STATEMENT AND A
4 CONTINUING DISCLOSURE UNDERTAKING IN CONNECTION WITH THE BONDS;
5 DELEGATING AUTHORITY TO THE MAYOR, CITY MANAGER, AND FINANCE
6 DIRECTOR OF THE CITY TO DETERMINE THE EXACT PRINCIPAL AMOUNTS,
7 MATURITY DATES, INTEREST RATES, PRICES, REDEMPTION FEATURES AND
8 OTHER FINAL TERMS OF THE BONDS PURSUANT TO A FINAL TERMS
9 CERTIFICATE; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION
10 THEREWITH; AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

11
12 **BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:**

13
14 Capitalized terms in the following preambles have the same definitions as are set forth in
15 Section 1 unless the content provides otherwise.

16 **WHEREAS**, the City of Santa Fe, in the County of Santa Fe and State of New Mexico
17 (herein the “City”), is a legally and regularly created, established, organized and existing charter
18 municipality with home-rule powers under the general laws of the State of New Mexico; and

19 **WHEREAS**, the City now owns, operates and maintains a public utility constituting a
20 sanitary sewer system (referred to herein variously as the “System”); and

21 **WHEREAS**, the Revenues of the System have not previously been pledged to the
22 payment of outstanding revenue bonds; and

23 **WHEREAS**, there are no other obligations currently outstanding that are payable from
24 the revenues of the System; and

25 **WHEREAS**, improvements to the System are now necessary and advisable to meet the

1 current and anticipated needs of the City; and

2 **WHEREAS**, the Governing Body hereby determines that there is an urgent need for the
3 Project as herein defined and that the Bonds shall be issued for the Project which consequently
4 also will provide for the public health, peace and safety of the City and its citizens; and

5 **WHEREAS**, the Bonds shall be issued pursuant to Sections 3-31-1 through 3-31-12,
6 NMSA 1978, and with an irrevocable first lien, but not necessarily an exclusive first lien, on the
7 Net Revenues of the System; and

8 **WHEREAS**, the Governing Body expects to offer the Bonds in a negotiated sale and to
9 sell the Bonds pursuant to a Pricing Certificate and the Bond Purchase Agreement, to be executed
10 by the Mayor or, the absence of the Mayor, another Authorized Officer pursuant to Section 6-14-
11 10.2 NMSA 1978, all within the parameters set forth in this Bond Ordinance; and

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

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

22 and

23 **WHEREAS**, there have been presented to the Governing Body and there presently are on
24 file with the City Clerk (a) the Bond Purchase Agreement, (b) the Preliminary Official Statement,
25 (c) a form of Continuing Disclosure Agreement, and (d) a commitment from the Reserve Fund

1 Insurer for the Reserve Account Insurance Policy to be provided in connection with the Debt
2 Service Reserve Fund for the Bonds (the “Commitment”), each of which documents is
3 incorporated by reference and considered to be a part hereof; and

4 **WHEREAS**, the Governing Body hereby determines that the Project being acquired in
5 part with the proceeds of the Bonds is a governmental purpose and is not a project which would
6 cause the Bonds to be “private activity bonds” as defined by the Tax Code.

7 **NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL, AS THE**
8 **GOVERNING BODY OF THE CITY OF SANTA FE, NEW MEXICO:**

9 **Section 1. Definitions.** The terms in this section defined for all purposes of this
10 ordinance and of any ordinance amendatory hereof or supplemental hereto, or relating hereto, and
11 of any instrument or document appertaining hereto, except where the context by clear implication
12 herein otherwise requires, shall have meanings herein specified:

13 “Acquisition Fund” or “Project Acquisition Fund” means the “City of Santa Fe Net
14 Wastewater Utility System Improvement Revenue Bonds, Series 2018, Project Acquisition
15 Fund,” established in Section 17(C) hereof.

16 “Bond Fund” means the “City of Santa Fe Net Wastewater Utility System Improvement
17 Revenue Bonds, Series 2018, Fund,” created in Section 20(B) hereof and to be held by the City.

18 “Bond Purchase Agreement” means the agreement between the City and the Purchaser
19 providing for the sale by the City and the purchase by the Purchaser of the Bonds.

20 “Bonds” or “Series 2018 Bonds” means the “City of Santa Fe, New Mexico Net
21 Wastewater Utility System Improvement Revenue Bonds, Series 2018” authorized by this
22 ordinance.

23 “City,” “Municipal,” or “Municipality” means the municipal corporation and body
24 corporate and politic known as the City of Santa Fe, New Mexico.

25 “City’s Chief Financial Officer” means the City officer currently designated as the

1 “Finance Director” or his or her successor in function, provided that for purposes hereof, the
2 designation of any successor in title by the City Manager, if given in writing, shall be conclusive.

3 “Commitment” means the written commitment to the City from Reserve Fund Insurer to
4 provide the Reserve Account Insurance Policy.

5 “Consulting Engineer” means any registered or licensed professional engineer or firm of
6 such engineers, entitled to practice and practicing as such under the laws of the State of New
7 Mexico, retained and compensated by the City, but not in the regular employ of the City. The
8 written determination by the Mayor or City Manager or the authorized designee of either, that an
9 engineer or firm of engineers meets the foregoing qualifications of the preceding sentence shall
10 be conclusive for purposes of any provision of this ordinance. As to construction drawings and
11 specifications prepared for the Project by City employees working under the supervision of the
12 City Engineer, this term may include the City Engineer.

13 “Continuing Disclosure Agreement” means the agreement of the City to provide certain
14 annual financial information for the benefit of the owners of the Bonds and to be dated the date of
15 issuance and delivery of the Bonds.

16 “Debt Service Account” means the account of the Bond Fund so denominated and
17 established in Section 20(B) hereof.

18 “Federal Securities” means direct obligations of, or obligations the principal of and
19 interest on which are unconditionally guaranteed by the United States of America.

20 “Fiscal Year” for the purposes of this ordinance means the twelve months commencing
21 on the first day of July of any calendar year and ending on the last day of June of the next
22 calendar year; but it may mean any other 12-month period which any appropriate authority
23 hereafter may establish for the System.

24 “Governing Body,” “City Council,” or “Council” means the City Council of the City.

25 “Herein,” “hereby,” “hereunder,” “hereof,” “hereinbefore” and “hereafter” refer to this

1 ordinance and not solely to the particular portion thereof in which such word is used. Definitions
2 include both singular and plural. Pronouns include both singular and plural and cover all genders.

3 “Improvement Project” means extending, enlarging, bettering, repairing and otherwise
4 improving the System, including, but not necessarily limited to amounts necessary to initially
5 fund the Reserve Account of the Reserve Fund or a Reserve Fund Insurance Policy or both) as
6 provided in Sections 17(B) and 20(C) hereof and all costs and expenses pertaining to the
7 foregoing and the issuance of the Bonds, including but not necessarily limited to any amounts
8 which may be required to be deposited into the Rebate Fund to the extent permitted by law.

9 “Income Fund” or “Utility Revenue Fund” means the “City of Santa Fe Wastewater
10 System Gross Income Fund” which was created in Ordinance 1997-3 adopted by the City Council
11 on _____, 1997 and is continued in Section 19 hereof and is held by the City.

12 “Independent Accountant” means any registered or certified public accountant or firm of
13 such accountants duly licensed to practice and practicing as such under the laws of the State of
14 New Mexico, appointed and paid by the City, who (1) is, in fact, independent and not under the
15 domination of the City, (2) does not have any substantial interest, direct or indirect, with the City,
16 and (3) is not connected with the City as an officer or employee of the City, but who may be
17 regularly retained to make annual or similar audits of the books or records of the City;
18 “Independent Accountant” also means the State Auditor of the State of New Mexico.

19 “Insured Bank” means a bank which is a member of the Federal Deposit Insurance
20 Corporation.

21 “Net Revenues” or “net revenues” or “net income” or “Pledged Revenues” means the
22 revenues of the System after deducting Operation and Maintenance Expenses of the System.

23 “Operation and Maintenance Expenses” or “operation and maintenance expenses” (or a
24 phrase of similar import) means all reasonable and necessary current expenses of the City, paid or
25 accrued, of operating, maintaining and repairing the System, and shall include, without limiting

1 the generality of the foregoing, legal and overhead expense of the various City departments
2 directly related and reasonably allocable to the administration of the System, insurance premiums,
3 taxes, any rebate payments to the United States if necessary to protect the tax exempt status of the
4 Bonds on other tax-exempt obligations payable from Revenues of the System, the reasonable
5 charges of depository banks and paying agents, contractual services, professional services
6 required by this ordinance, salaries and administrative expenses, labor, the cost of materials and
7 supplies used for current operation, but shall not include any allowance for depreciation,
8 liabilities incurred by the City as the result of its negligence in the operation of the System, costs
9 of extensions, enlargements or betterments of the System, or any charges for the accumulation of
10 reserves for capital replacements.

11 “Operation and Maintenance Fund” means the “City of Santa Fe Wastewater Utility
12 System Operation and Maintenance Fund” which is created in Section 20A hereof.

13 “Ordinance” shall mean this ordinance and any ordinance or resolution amendatory
14 hereof or supplemental hereof.

15 “Parity Bonds” or “Parity Obligations” means bonds or other obligations payable from
16 revenues of the System hereafter issued with a lien on the Net Revenues of the System on parity
17 with the Bonds herein authorized to be issued.

18 “Paying Agent” means BOKF, NA, as agent for the City for the payment of the Bonds,
19 the interest thereon, and any successor.

20 “Permitted Investments” means any of the following which at the time of such
21 investment are legal investments for the City pursuant to adopted City investment policies and the
22 laws of the State:

- 23 (a) Government Obligations;
- 24 (b) Obligations of, or obligations guaranteed as to principal and interest by
25 any agency or instrumentality of the United States which are backed by the full faith and credit of

1 the United States, including, but not limited to: General Services Administration--participation
2 certificates; Government National Mortgage Association (GNMA)--GNMA guaranteed
3 mortgage-backed securities and GNMA guaranteed participation certificates; U.S. Department of
4 Housing & Urban Development--local authority bonds; and U.S. Export-Import Bank--all fully
5 guaranteed obligations;

6 (c) Obligations of the following government-sponsored agencies: Federal
7 Home Loan Mortgage Corporation--participation certificates and senior debt obligations; Farm
8 Credit System--consolidated system-wide bonds and notes; Federal Home Loan Banks--
9 consolidated debt obligations; Federal National Mortgage Association--senior debt obligations
10 and mortgage-backed securities (excluding stripped mortgage securities which are valued greater
11 than par on the portion of unpaid principal); Student Loan Marketing Association--senior debt
12 obligations (excluding securities that do not have a fixed par value and/or whose terms do not
13 promise a fixed dollar amount at maturity or call date) and letter of credit backed issues;
14 Financing Corporation--debt obligations; and Resolution Funding Corporation--debt obligations;

15 (d) Bank time deposits evidenced by certificates of deposit and bankers
16 acceptances issued by an Insured Bank, provided that such time deposits and bankers'
17 acceptances (1) do not exceed at any one time in the aggregate five percent (5%) of the combined
18 total of the capital, surplus and undivided profits of such Insured Bank, or (2) are secured by
19 obligations described in paragraphs (a), (b), (c) and (h) of this definition which obligations at all
20 times have a market value (exclusive of accrued interest) at least equal to 102% of such time
21 deposits so secured;

22 (e) Obligations, other than specified private activity bonds (as defined in
23 Section 57(a)(5)(C) of the Internal Revenue Code, as amended (the "Tax Code")), the interest on
24 which is excluded from gross income of the recipient for federal income tax purposes and any
25 other instrument which does not constitute "investment property" under Section 148 of the Tax

1 Code (excluding securities that do not have a fixed par value and/or whose terms do not promise
2 a fixed dollar amount at maturity or call date), as amended from time to time, which is rated in
3 the highest major Rating Category by S&P and Fitch (if such rating agency is then rating the
4 Bonds);

5 (f) Money market instruments and other securities of commercial banks,
6 broker-dealers or recognized financial institutions, which securities or instruments are rated in the
7 highest Rating Category by S&P and Fitch, (if such rating agency is then rating the Bonds), or
8 which securities are guaranteed by a person or entity whose long-term debt obligations are rated
9 in the highest Rating Category by S&P and Fitch (if such rating agency is then rating the Bonds)
10 including, without limitation, securities of, or other interests in, any open-end or closed-end
11 management type investment company or investment trust registered under the provisions or 15
12 U.S.C. Sections 80(a)-1 et. seq., which invest only in, or whose securities are secured only by,
13 obligations of the type set forth in paragraphs (a), (b), (c) and (h) of this definition;

14 (g) Stripped Securities: (1) U.S. Treasury STRIPS and (2) REFCORP
15 STRIPS (stripped by Federal Reserve Bank of New York);

16 (h) Repurchase agreements involving the purchase and sale of, and
17 guaranteed investment contracts, the par value of which is collateralized by a perfected first
18 pledge of, or security interest in, or the payments of which are unconditionally guaranteed by,
19 securities described in parts (a), (b), (c) and (h) of this definition, which collateral is held by the
20 City, or for the benefit of the City, by a party other than the provider of the guaranteed investment
21 contract or repurchase agreement, with a collateralized value of at least 102% of the par value of
22 such repurchase agreement or guaranteed investment contract or 102% of the market value
23 thereof, valued at intervals of no less than monthly and which collateral is not subject to any other
24 pledge or security interest; and

25 (i) Such other investments as are now or may be hereafter authorized as

1 legal investments for the City by the legislature of the State under Section 6-10-10 NMSA 1978,
2 or a similar statutory provision applicable to the City, provided that such investment is rated, at
3 the time of purchase, “A” or better by Fitch and “A” or better by S&P (if such rating agency is
4 then rating the Bonds).

5 “Project” means the Improvement Project.

6 “Purchaser” means _____.

7 “Rebate Fund” means the “City of Santa Fe Net Wastewater Utility System Improvement
8 Revenue Bonds, Series 2018 Bond Rebate Fund” created in Section 20F hereof, which is to be
9 held by the City.

10 “Redemption Price” means the principal of, interest on, and any prior redemption
11 premium due in connection with any obligations specifically provided hereunder.

12 “Registrar” means BOKF, NA Albuquerque, New Mexico, as registrar and transfer agent
13 for the Bonds, and any successor.

14 “Regular Record Date” means the 15th day of the calendar month (whether or not a
15 business day) preceding each regularly scheduled interest payment date on the Bonds.

16 “Related Documents” means the Pricing Certificate, the Bond Purchase Agreement, the
17 Continuing Disclosure Undertaking, the Preliminary Official Statement, the Official Statement,
18 and any other document or agreement containing an obligation of the City as may be required in
19 connection with the issuance of the Bonds.

20 “Reserve Fund” means the “City of Santa Fe Net Wastewater System Improvement
21 Revenue Bonds, Series 2018, Reserve Fund” established in Section 20(C) hereof, and to be held
22 by the City.

23 “Reserve Fund Insurance Policy” means any insurance policy, surety bond or letter of
24 credit deposited in or credited to the 2018 Reserve Account as provided in Section 20(C) hereof
25 in lieu of or in partial substitution for cash or allowable investments on deposit in the Reserve

1 Fund. Any such insurance policy, surety bond or letter of credit must be issued by an entity
2 having a rating in one of the two highest rating categories assigned by any nationally recognized
3 rating agency at the time such policy, bond or letter of credit is initially deposited in or credited to
4 the Reserve Fund.

5 “Reserve Fund Insurer” means _____.

6 “Reserve Requirement” means \$ _____, which shall initially be satisfied by
7 deposit of the Reserve Fund Insurance Policy.

8 “Revenues,” “revenues,” “gross revenues,” “income” or “gross income” from the System
9 means all income and revenues derived by the City from the operation of the System, or any part
10 thereof, whether resulting from extensions, enlargements or betterments to the System, or
11 otherwise, and includes all revenues received by the City or any municipal corporation
12 succeeding to the rights of the City from the System and from the sale and use of water, water
13 service and facilities, sanitary sewer service and facilities, or any combination thereof to the
14 inhabitants of the City (including all territorial annexations which may be made while any of the
15 Bonds are outstanding), or from the sale and use of water, water service and facilities, sanitary
16 sewer service and sewer facilities, and facilities or any combination thereof, by means of the
17 System owned and operated by the City as the same may at any time exist to serve customers
18 outside the City limits as well as customers within the City limits, and also means income derived
19 from the investment of any money in any of the funds established herein or contained herein (but
20 excluding such income from investments in the Rebate Fund) even though such investment
21 income is to be credited to the particular fund from which such investment is made, as further
22 provided by Section 21(A) hereof.

23 “Series Date” means the date of initial issuance and delivery of the Bonds.

24 “Special Record Date” means a special date fixed to determine the names and addresses
25 of registered owners of the Bonds for purposes of paying interest on a special interest payment

1 date for the payment of defaulted interest thereon, all as further provided in Section 5B hereof.

2 “System,” or “Utility” means the municipally owned public utility designated as the
3 City’s wastewater utility system, consisting of all properties, real, personal, mixed or otherwise,
4 now owned or hereafter acquired by the City through purchase, construction or otherwise, and
5 used in connection with the wastewater utility system of the City and in any way appertaining
6 thereto, whether situated within or without the limits of the City.

7 “Tax Code” means the Internal Revenue Code of 1986, as amended to the date of initial
8 delivery of the Bonds.

9 Definitions of other terms appear throughout this ordinance.

10 **Section 2. Ratification.** All action heretofore taken (not inconsistent with the
11 express provisions of this ordinance) by the Governing Body and officers of the City directed
12 toward the Project and the authorization, sale and issuance of the Bonds to the Purchaser as
13 herein authorized, be, and the same hereby is, ratified, approved and confirmed.

14 **Section 3. Wastewater Utility System.** The municipal wastewater facilities or
15 system shall continue to constitute a municipal wastewater utility and shall be operated and
16 maintained as the System.

17 **Section 4. Authorization of the Improvement Project and the Bonds;**
18 **Parameters; Delegation of Authority.**

19 A. Authorization of Improvement Project. The Improvement Project is
20 hereby authorized at a total cost of \$16,525,000, excluding any such cost defrayed or to be
21 defrayed by any source other than the Bonds. The Improvement Project is hereby declared to be
22 necessary for the health, safety and welfare of the residents of the City.

23 B. Authorization of Bonds. For the purpose of protecting the public health,
24 conserving the property and advancing the general welfare of the citizens of the City, and for the
25 purpose of defraying the cost of the Project, it is hereby declared that the interest or necessity of

1 the City and the inhabitants thereof demand the issuance by the City of its fully registered (*i.e.*,
2 registered as to payment of both principal and interest) revenue bonds without coupons to be
3 designated “City of Santa Fe Net Wastewater Utility System Revenue Bonds, Series 2018” in the
4 aggregate principal of \$16,525,000. The Bonds shall be payable and collectible, both as to
5 principal and interest, solely from the Net Revenues of the System, and shall constitute special,
6 limited obligations of the City.

7 C. The Bonds shall be sold pursuant to a negotiated sale to the Underwriter
8 at a sale price and upon the terms set forth in the Pricing Certificate and Bond Purchase
9 Agreement, and shall be within the parameters set forth below:

10 (1) The Bonds shall be issued for the Improvement Project and to
11 pay the costs of issuance of the Bonds.

12 (2) The maximum par amount of the Bonds shall not be more than
13 \$16,525,000.

14 (3) The final maturity of the Bonds shall be no later than June 1,
15 20__.

16 (4) The maximum interest rate on the Bonds shall be no greater than
17 12% per annum.

18 (5) The Bond shall be payable solely from the Pledged Revenues.

19 (6) The Bonds shall be sold to the Purchaser pursuant to a negotiated
20 sale.

21 (7) The maximum sale price of the Bonds shall be not more than
22 \$16,525,000, exclusive of premium payable in connection with the issuance of the Bonds.

23 (8) The Purchasers’ discount shall not exceed 1% of the aggregate
24 principal amount of the Bonds.

25 (9) The Bonds shall be in substantially the form set forth in this

1 Ordinance.

2 (10) The City hereby appoints BOKF, NA as the paying agent and
3 registrar for the Bonds.

4 D. The Mayor or, in the Mayor's absence, the City Manager or City Finance
5 Director, is hereby authorized pursuant to this Ordinance to approve the final terms of the Bonds
6 as permitted by Section 6-14-10.2 NMSA 1978, and to execute and deliver the Pricing Certificate
7 and the Bond Purchase Agreement.

8 **Section 5. Bond Details.**

9 A. Basic Details. The Bonds shall be dated the date of their issuance and
10 delivery to the Purchaser (herein "Series Date"), and are issuable in the denomination of \$5,000
11 each or any integral multiple thereof (provided that no Bond may be in a denomination which
12 exceeds the principal coming due on any maturity date and no individual Bond will be issued for
13 more than one maturity). The Bonds shall be numbered consecutively from 1 upwards.

14 The Bonds shall bear interest from the Series Date, payable semi-annually on
15 June 1 and December 1 each year, commencing on [June] [December] 1, 2019 or such other date
16 as permitted by law and determined in the Pricing Certificate and Bond Purchase Agreement
17 executed and delivered as provided in Section 4D hereof, until their respective maturities and
18 shall bear the rates of interest and shall mature on June 1 in each of the designated amounts and
19 years as set forth in Pricing Certificate and Bond Purchase Agreement.

20 B. Payment-Regular Record Date. The principal of any Bond shall be
21 payable to the registered owner thereof as shown on the registration books kept by the Registrar
22 which is hereby appointed as registrar (and transfer agent) for the Bonds, upon maturity or prior
23 redemption thereof and upon presentation and surrender at the Paying Agent which also is hereby
24 appointed as the paying agent for the Bonds. If any Bond shall not be paid upon such
25 presentation and surrender at or after maturity or on a designated prior redemption date on which

1 the City may have exercised its right to redeem any Bond prior to its stated maturity pursuant to
2 Section 6 of this Ordinance, it shall continue to draw interest at the rate borne by the Bond until
3 the principal thereof is paid in full. Payment of interest on any Bond shall be made to the
4 registered owner of the Bond as of the Regular Record Date by check or draft mailed by the
5 Paying Agent, on or before each interest payment date (or, if such interest payment date is not a
6 Business Day, on or before the next succeeding Business Day), to the registered owner thereof on
7 the Regular Record Date at his address as it last appears on the registration books kept by the
8 Registrar on the Regular Record Date (or by such other arrangements as may be mutually agreed
9 to by the Paying Agent and any registered owner on such Regular Record Date). All such
10 payments shall be made in lawful money of the United States of America. The person in whose
11 name any Bond is registered at the close of business on any Regular Record Date with respect to
12 any interest payment date shall be entitled to receive the interest payable thereon on such interest
13 payment date notwithstanding any transfer or exchange thereof subsequent to such Regular
14 Record Date and prior to such interest payment date; but any such interest not so timely paid or
15 duly provided for shall cease to be payable as provided above and shall be payable to the person
16 in whose name any Bond is registered at the close of business on a Special Record Date fixed by
17 the Registrar for the payment of any such defaulted interest. Such Special Record Date shall be
18 fixed by the Registrar whenever moneys become available for defaulted interest, and notice of
19 any such Special Record Date shall be given not less than ten days prior thereto in the manner
20 required by the Depository or by first-class mail, to the registered owners of the Bonds as of a
21 date selected by the Registrar, stating the Special Record Date and the date fixed for the payment
22 of such defaulted interest.

23 C. Book-Entry. The Bonds may be issued or registered, in whole or in part,
24 in book-entry form from time to time with no physical distribution of bond certificates made to
25 the public, with a Depository acting as securities depository for the Bonds. A single certificate

1 for each maturity date of the Bonds issued in book-entry form will be delivered to the Depository
2 and immobilized in its custody. The book-entry system will evidence ownership of the Bonds in
3 authorized denominations, with transfer of ownership effected on the books of the Depository and
4 its participants (“Participants”). As a condition to delivery of the Bonds in book-entry form, the
5 Purchaser will, immediately after acceptance of delivery thereof, deposit, or cause to be
6 deposited, the Bond certificates with the Depository, registered in the name of the Depository or
7 its nominee. Principal and interest will be paid to the Depository or its nominee as the registered
8 owner of the Bonds. The transfer of principal and interest payments to Participants will be the
9 responsibility of the Depository; the transfer of principal and interest payments to the beneficial
10 owners of the Bonds (the “Beneficial Owners”) will be the responsibility of Participants and other
11 nominees of Beneficial Owners maintaining a relationship with Participants (the “Indirect
12 Participants”). The City will not be responsible or liable for maintaining, supervising or
13 reviewing the records maintained by the Depository, Participants or Indirect Participants.

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

25 Authorized Officers of the City are authorized to sign agreements with

1 Depositories relating to the matters set forth in this Section.

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

8 **Section 6. Redemption.**

9 A. Optional Redemption. The Bonds may be subject to redemption prior to
10 their stated maturities at the City's option in one or more units of principal of \$5,000 on at the
11 price and on the dates established in the Pricing Certificate and the Bond Purchase Agreement.
12 Redemption shall be made upon prior notice mailed to each registered owner of each bond
13 selected for redemption as shown on the registration books kept by the Registrar in the manner
14 and upon the conditions provided in the Bond Ordinance.

15 B. Notice by City. At least 45 days prior to any date selected by the City
16 for optional redemption of any of the Bonds, the City shall give written instructions to the
17 Registrar with respect to the optional redemption. The Registrar shall not be required to give
18 notice of any optional redemption unless the Registrar has received written instructions from the
19 City in regard thereto at least 45 days prior to such redemption date (unless such deadline is
20 waived by the Registrar). Additionally, notice of optional redemption shall be given by the City
21 by sending a copy of such notice by first-class, postage prepaid mail, not less than thirty days
22 prior to the optional redemption date to the Paying Agent, if the Registrar is not the Paying
23 Agent.

24 C. Notice by Registrar. Additionally, notice of redemption shall be given
25 by the Registrar by sending a copy of such notice in the manner required by the Depository or by

1 first-class, postage prepaid mail, not more than 60 days and not less than 30 days prior to the
2 redemption date to each registered owner of each Bond selected for redemption as shown on the
3 registration books kept by the Registrar as of the date of mailing of notice. Failure to give such
4 notice by mailing to the registered owner of any Bond, or any defect therein, shall not affect the
5 validity of the proceedings for the redemption of any of the Bonds.

6 D. Other Redemption Details. The notice required by paragraph C of this
7 Section shall specify the number or numbers of the Bond or Bonds or portions thereof to be so
8 redeemed (if less than all are to be redeemed); and all notices required by this Section shall
9 specify the date fixed for redemption, and shall further state that on such redemption date there
10 will become and be due and payable upon each \$5,000 unit of principal so to be redeemed at the
11 Paying Agent the principal thereof, accrued interest, if any, to the redemption date, and the
12 applicable prior redemption premium thereon (if any), and that from and after such date interest
13 will cease to accrue. Accrued interest to the redemption date will be paid by check or draft
14 mailed to the registered owner (or by alterative means if so agreed to by the Paying Agent and the
15 registered owner). Notice having been given in the manner hereinbefore provided, the Bond or
16 Bonds so called for redemption shall become due and payable on the redemption date so
17 designated; and upon presentation thereof at the Paying Agent, the City will pay the Bond or
18 Bonds so called for redemption and the applicable prior redemption premium (if any). In the
19 event that only a portion of the principal amount of a Bond is so redeemed, a new Bond
20 representing the unredeemed principal shall be duly completed, authenticated and delivered by
21 the Registrar to the registered owner pursuant to Section 9 of this Ordinance and without charge
22 to the registered owner thereof. The Registrar and Paying Agent shall comply with any other
23 terms regarding redemption and notice of redemption as required by any applicable agreement
24 with a Depository.

25 E. Conditional Redemption. If money or Government Obligations

1 sufficient to pay the redemption price of the Bonds to be called for redemption are not on deposit
2 with the Paying Agent prior to the giving of notice of redemption pursuant to Paragraph D of this
3 Section 6, such notice shall state such Bonds will be redeemed in whole or in part on the
4 redemption date in a principal amount equal to that part of the redemption price received by the
5 Paying Agent on the applicable redemption date. If the full amount of the redemption price is not
6 received as set forth in the preceding sentence, the notice shall be effective only for those Bonds
7 for which the redemption price is on deposit with the Paying Agent. If all Bonds called for
8 redemption cannot be redeemed, the Bonds to be redeemed shall be selected in a manner deemed
9 reasonable and fair by the City and the Registrar shall give notice, in the manner in which the
10 original notice of redemption was given, that such money was not received and the information
11 required by paragraph E of this Section. In that event, the Registrar shall promptly return to the
12 Owners thereof the Bonds or certificates which it has received evidencing the part thereof which
13 have not been redeemed.

14 **Section 7. Negotiability.** Subject to the provisions made or necessarily implied
15 herein, the Bonds shall be fully negotiable, and shall have all the qualities of negotiable paper,
16 and the registered owner or owners thereof shall possess all rights enjoyed by the holders of
17 negotiable instruments under the provisions of the Uniform Commercial Code.

18 **Section 8. Execution.**

19 A. Filing Manual Signatures. Prior to the execution and authentication of
20 any Bond by facsimile signature pursuant to Sections 6-9-1 through 6-9-6, both inclusive, NMSA
21 1978, the Mayor, City Clerk and City Treasurer shall each forthwith file with the Secretary of
22 State of New Mexico, his or her manual signature certified by him or her under oath; provided,
23 that such filing shall not be necessary for any officer where any previous such filing may have
24 legal application to the Bonds or if facsimile signatures are not used on the Bonds.

1 B. Method of Execution. Each Bond shall be signed and executed by the
2 manual or facsimile signature of the Mayor under a manual impression of the seal of the City or a
3 facsimile thereof which shall be printed, stamped, engraved or otherwise placed thereon; each
4 Bond shall be executed and attested with the manual or facsimile signature of the City Clerk and
5 countersigned with the manual or facsimile signature of the City Treasurer; and each Bond shall
6 be authenticated by the manual signature by an authorized officer of the Registrar as hereafter
7 provided. The Bonds bearing the manual or facsimile signatures of the officers in office at the
8 time of the authorization thereof shall be the valid and binding obligations of the City (subject to
9 the requirement of authentication by the Registrar as hereinafter provided) notwithstanding that
10 before the delivery thereof and payment therefor, or before the issuance thereof upon transfer or
11 exchange, any or all of the persons whose manual or facsimile signatures appear thereon shall
12 have ceased to fill their respective offices. The Mayor, City Clerk and City Treasurer of the City
13 shall, by the execution of a signature certificate pertaining to the Bonds, adopt as and for their
14 respective signatures the manual or facsimile signatures thereof appearing on the Bonds; and, at
15 the time of the execution of the signature certificate, the Mayor, City Clerk and City Treasurer
16 may each adopt as and for his or her facsimile signature the manual or facsimile signature of his
17 or her predecessor in office in the event that such facsimile signature appears upon any of the
18 Bonds.

19 C. Certificate of Authentication. No Bond shall be valid or obligatory for
20 any purpose unless the certificate of authentication, substantially in the form hereinafter provided,
21 has been duly executed by the Registrar. The Registrar's certificate of authentication shall be
22 deemed to have been duly executed by it if manually signed by an authorized officer of the
23 Registrar, but it shall not be necessary that the same officer sign the certificate of authentication
24 on all of the Bonds issued hereunder.

25 **Section 9. Provisions Relating to Registration, Transfer, Exchange,**

1 **Replacement and Cancellation of and Registration Records for the Bonds.**

2 A. Registration Books - Transfer and Exchange - Authentication. Books for
3 the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for
4 transfer of any Bonds at the Registrar, duly endorsed for transfer or accompanied by an
5 assignment duly executed by the registered owner or his attorney duly authorized in writing, the
6 Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or
7 Bonds of a like aggregate principal amount and of the same maturity, bearing a number or
8 numbers not contemporaneously outstanding. Bonds may be exchanged at the Registrar for an
9 equal aggregate principal amount of Bonds of the same maturity of other authorized
10 denominations. The Registrar shall authenticate and deliver a Bond or Bonds which the
11 registered owner making the exchange is entitled to receive, bearing a number or numbers not
12 contemporaneously outstanding. Exchanges and transfers of Bonds as herein provided shall be
13 without charge to the owner or any transferee, but the Registrar may require the payment by the
14 owner of any Bond requesting exchange or transfer of any tax or other governmental charge
15 required to be paid with respect to such exchange or transfer.

16 B. Times When Transfer or Exchange Not Required. The Registrar shall
17 not be required (1) to transfer or exchange all or a portion of any Bond subject to prior
18 redemption during the period of fifteen days next preceding the mailing of notice to the registered
19 owners calling any Bonds for prior redemption pursuant to Section 6(D) hereof or (2) to transfer
20 or exchange all or a portion of a Bond after the mailing to registered owners of notice calling such
21 Bond or portion thereof for prior redemption.

22 C. Payment - Registered Owners. The person in whose name any Bond
23 shall be registered, on the registration books kept by the Registrar, shall be deemed and regarded
24 as the absolute owner thereof for the purpose of making payment thereof and for all other
25 purposes except as may otherwise be provided with respect to payment of interest as is provided

1 in Section 5(B) hereof; and payment of or on account of either principal or interest on any Bond
2 shall be made only to or upon the written order of the registered owner thereof or his legal
3 representative, but such registration may be changed upon transfer of such Bond in the manner
4 and subject to the conditions and limitations provided herein. All such payments shall be valid
5 and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

6 D. Replacement Bonds. If any Bond shall be lost, stolen, destroyed or
7 mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating
8 thereto as it may reasonably require, authenticate and deliver a replacement Bond or Bonds of a
9 like aggregate principal amount and of the same maturity, bearing a number or numbers not
10 contemporaneously outstanding. If such lost, stolen, destroyed or mutilated Bond shall have
11 matured, the Registrar may direct the Paying Agent to pay such Bond in lieu of replacement.

12 E. Delivery of Bond Certificates to Registrar. The officers of the City are
13 authorized to deliver to the Registrar fully executed but unauthenticated Bonds in such quantities
14 as may be convenient to be held in custody by the Registrar pending use as herein provided.

15 D. Cancellation of Bonds. Whenever any Bond shall be surrendered to the
16 Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as
17 provided herein, such Bond shall be promptly canceled by the Paying Agent or Registrar, and
18 counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or
19 Registrar to the City.

20 **Section 10. Depository for the Bonds.**

21 A. Procedures Relating to Registration and Depository. Notwithstanding
22 the foregoing provisions of Sections 4 through 9 hereof, the Bonds shall initially be evidenced by
23 one Bond for each stated maturity in a denomination equal to the aggregate principal amount of
24 such maturity for the Bonds. Such initially delivered Bond shall be registered in the name of
25 "Cede & Co.," as nominee for The Depository Trust Company, New York, New York, the

1 depository for the Bonds. The Bonds may not thereafter be transferred or exchanged except:

2 (1) To any successor of The Depository Trust Company, or any
3 nominee of such successor, upon the merger, consolidation, sale of substantially all of the assets
4 or other reorganization of The Depository Trust Company, or its successor, which successor of
5 The Depository Trust Company must be both a “clearing corporation” as defined in Section 55-8-
6 102(3), NMSA 1978, and a qualified and registered “clearing agency” under Section 17A of the
7 Securities Exchange Act of 1934, as amended;

8 (2) To any new depository (a) upon the resignation of (i) The
9 Depository Trust Company or a successor or new depository pursuant to clause (1) hereof or
10 (ii) any new depository under this clause (2) or (b) upon a determination by the City that The
11 Depository Trust Company or such successor or new depository is no longer able to carry out its
12 functions and the designation by the City of another depository institution acceptable to the
13 depository then holding the Bond or Bonds, which new depository institution must be both a
14 “clearing corporation” as defined in Section 55-8-102(3), NMSA 1978, and a qualified and
15 registered “clearing agency” under Section 17A of the Securities Exchange Act of 1934, as
16 amended, to carry out the functions of The Depository Trust Company or such successor or new
17 depository; or

18 (3) To any registered owner as specified in the transfer instructions
19 in Subsection B of this section (a)(i) upon the resignation of The Depository Trust Company or
20 any successor depository under clause (1) hereof or of any new depository under clause (2) hereof
21 or (ii) upon a determination by the City that The Depository Trust Company or such successor or
22 new depository is no longer able to carry out its functions or (iii) upon a determination by the
23 City that the continuation of book-entry only transfers through The Depository Trust Company or
24 such successor or new depository is not in the best interest of the beneficial owners of the Bonds
25 or the City, and (b) upon the failure by the City, after reasonable investigation, to locate another

1 qualified depository institution under clause (2) to carry out the functions of The Depository Trust
2 Company or such successor or new depository.

3 B. Procedures Relating to New Bonds. In the case of a transfer to a
4 successor of The Depository Trust Company or its nominee as referred to in clause (1) of
5 Subsection A hereof or in the case of the designation of a new depository pursuant to clause (2) of
6 Subsection A hereof, upon receipt of the outstanding Bond or Bonds by the Registrar together
7 with written instructions for transfer satisfactory to the Registrar, a new Bond for each maturity
8 shall be issued to such successor or new depository, as the case may be, or its nominee, as is
9 specified in such written transfer instructions. In the case of a resignation or determination under
10 clause (3) of Subsection A hereof and the failure after reasonable investigation to locate another
11 qualified depository institution for the Bonds as provided in clause (3) of Subsection A hereof,
12 and upon receipt of the outstanding Bond by the Registrar together with written instructions for
13 transfer satisfactory to the Registrar, new Bonds shall be issued in the denominations of \$5,000 or
14 any integral multiple thereof, as provided in and subject to the limitations of Section 5 hereof,
15 registered in the names of such persons, and in such denominations as are requested in such
16 written transfer instructions; however, the Registrar shall not be required to deliver such new
17 Bonds within a period of less than 30 days from the date of receipt of such written transfer
18 instructions.

19 C. Responsibilities of the City and Registrar. The City and the Registrar
20 shall be entitled to treat the registered owner of any Bond as the absolute owner thereof for any
21 purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by
22 any or all of them, and the City and the Registrar shall have no responsibility for transmitting
23 payments to the beneficial owners of the Bonds held by The Depository Trust Company or any
24 successor or new depository named pursuant to Subsection A hereof.

25 D. Cooperation of the City and Registrar. The City and the Registrar shall

1 endeavor to cooperate with The Depository Trust Company or any successor or new depository
2 named pursuant to clause (1) or (2) of Subsection A hereof in effectuating payment of principal of
3 and interest on the Bonds by arranging for payment in such a manner that funds representing such
4 payments are available to the depository on the date they are due.

5 E. Partial Redemption. Upon any partial redemption of any maturity of the
6 Bonds, Cede & Co., (or its successor) in its discretion may request the City to issue and
7 authenticate a new Bond or shall make an appropriate notation on the Bond indicating the date
8 and amount of prepayment, except in the case of final maturity, in which case the Bond must be
9 presented to the Registrar prior to payment.

10 **Section 11. Successor Registrar or Paying Agent.** If the Registrar or Paying Agent
11 initially appointed hereunder shall resign, or if the City shall reasonably determine that the
12 Registrar or Paying Agent has become incapable of fulfilling its duties hereunder, the City may,
13 upon notice mailed to each registered owner of Bonds at the address last shown on the
14 registration books, appoint a successor Registrar or Paying Agent, or both. Every such successor
15 Registrar or Paying Agent shall be a bank or trust company located in the United States and
16 having a shareholders equity (*e.g.*, capital stock, surplus and undivided profits), however
17 denominated, not less than \$50,000,000. It shall not be required that the same institution serve as
18 both Registrar and Paying Agent hereunder, but the City shall have the right to have the same
19 institution serve as both Registrar and Paying Agent hereunder.

20 **Section 12. Special Obligations.** All of the Bonds and any obligations under any
21 agreement relating to any draw on any Reserve Fund Insurance Policy which may hereafter be
22 acquired as part of the Reserve Fund Requirement as provided in Section 20(C) hereof, together
23 with the interest accruing thereon, shall be payable and collectible solely out of the Net Revenues
24 of the System and amounts in the Bond Fund and Reserve Fund, all of which are irrevocably so
25 pledged; the registered owner or owners thereof and the issuer of any Reserve Fund Insurance

1 Policy, if any, may not look to any general or other fund for the payment of the principal of or
2 interest on such obligations, except the designated special funds pledged therefor as further
3 provided in this ordinance; and the Bonds and any obligations under a Reserve Fund Insurance
4 Policy, if any, shall not constitute an indebtedness or a debt within the meaning of any
5 constitutional or statutory provision; nor shall they be considered or held to be general obligations
6 of the City; and each of the Bonds herein authorized to be issued shall recite on its face that it is
7 payable and collectible solely from the Net Revenues of the System and amounts in the Bond
8 Fund and Reserve Fund, all of which are irrevocably so pledged, and that the registered owner
9 thereof may not look to any general or other fund for the payment of principal and interest on,
10 and prior redemption premium due in connection with, the Bonds.

11 **Section 13. Forms of Bonds, Certificate of Authentication, Assignment and**
12 **Legal Opinion Certificate.** The Bonds, Registrar’s Certificate of Authentication, Form of
13 Assignment and the Legal Opinion Certificate shall be in substantially the following forms
14 (provided that any of the text on the face of the Bond may, with appropriate reference, be printed
15 on the back of the Bonds and provided further that an endorsement or certificate applying to
16 municipal bond insurance for the Bonds, if applicable, may also be printed thereon):

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(Form of Bond)

UNITED STATES OF AMERICA

COUNTY OF SANTA FE

STATE OF NEW MEXICO

No. _____

\$ _____

CITY OF SANTA FE

NET WASTEWATER UTILITY SYSTEM IMPROVEMENT REVENUE BOND,

SERIES 2018

INTEREST RATE	MATURITY DATE	SERIES DATE	CUSIP
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_____ % per annum	June 1, ____	____, 2018	_____
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REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

DOLLARS

The City of Santa Fe (herein "City"), in the County of Santa Fe and State of New Mexico, for value received, hereby promises to pay upon presentation and surrender of this bond, solely from the special funds provided therefor as hereinafter set forth, to the registered owner named above, or registered assigns, on the Maturity Date specified above (unless this bond, if subject to prior redemption, shall have been called for prior redemption in which case on such redemption date), upon the presentation and surrender hereof at BOKF, NA, Albuquerque, New Mexico, as paying agent, or its successor (herein the "Paying Agent"), the Principal Amount stated above, in lawful money of the United States of America, and to pay to the registered owner hereof as of the Regular Record Date (being the 15th day of the calendar month whether or not a

1 business day preceding each regularly scheduled interest payment date as defined in Ordinance
2 No. _____, adopted November 14, 2018, which authorizes this bond and which is referred to
3 herein as the “Bond Ordinance”), by check or draft mailed to such registered owner, on or before
4 each interest payment date as hereinafter provided (or, if such interest payment date is not a
5 business day, on or before the next succeeding business day), at his address as it last appears on
6 the Regular Record Date on the registration books kept for that purpose by BOKF, NA,
7 Albuquerque, New Mexico, as registrar (i.e., transfer agent) for the bonds, or its successor (herein
8 the “Registrar”) or by such other arrangement as may be agreed to by the Paying Agent and the
9 registered owner hereof, interest on such sum in lawful money of the United States of America
10 from the Series Date specified above or the most recent interest payment date to which interest
11 has been fully paid or duly provided for in full (as more fully provided in the Bond Ordinance)
12 until maturity at the per annum Interest Rate specified above, payable on December 1, 2019 and
13 semiannually thereafter on June 1 and December 1 in each year. Any such interest not so timely
14 paid or duly provided for shall cease to be payable to the registered owner as of the Regular
15 Record Date and shall be payable to the registered owner as of a Special Record Date (as defined
16 in the Bond Ordinance), as further provided in the Bond Ordinance. If upon presentation and
17 surrender to the Paying Agent at or after maturity or on a designated prior redemption date on
18 which the City may have exercised its right to prior redeem this bond pursuant to the Bond
19 Ordinance, payment of this bond is not made as herein provided, interest hereon shall continue at
20 the rate herein designated until the principal hereof is paid in full. If the Bonds are issued in
21 book-entry only form, an authorized officer of the City and the applicable securities depository
22 (“Depository”) may make other arrangements for the payments on the Bonds.

23 The bonds of the series of which this bond is a part maturing on and after June 1, _____,
24 are subject to redemption prior to maturity at the City’s option in one or more units of principal of
25 \$5,000 on an after June 1, _____, in whole or in part at any time, in such order of maturities as the

1 City may determine (and by lot if less than all of the Bonds of such maturity is called, such
2 selection by lot to be made by the Registrar in such manner as he shall consider appropriate and
3 fair), at a redemption price equal to the principal amount of the Bonds or the portion thereof to be
4 redeemed plus accrued interest, if any, to the redemption date.

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

8 The bonds of the series of which this is one are fully registered (i.e., registered as to
9 payment of both principal and interest), and are issuable in the denomination of \$5,000 or any
10 denomination which is an integral multiple of \$5,000 (provided that no bond may be in a
11 denomination which exceeds the principal coming due on any maturity date and no individual
12 bond will be issued for more than one maturity). Upon surrender of any of such bonds at the
13 Registrar with a written instrument satisfactory to the Registrar duly executed by the registered
14 owner or his duly authorized attorney, such bond may, at the option of the registered owner or his
15 duly authorized attorney, be exchanged for an equal aggregate principal amount of such bonds of
16 the same maturity of other authorized denominations, subject to such terms and conditions as set
17 forth in the Bond Ordinance.

18 This bond is fully transferable by the registered owner hereof in person or by his duly
19 authorized attorney on the registration books kept by the Registrar upon surrender of this bond
20 together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon
21 such transfer a new fully registered bond of authorized denomination or denominations of the
22 same aggregate principal amount and maturity will be issued to the transferee in exchange for this
23 bond, subject to such terms and conditions as set forth in the Bond Ordinance. The City and the
24 Registrar and Paying Agent may deem and treat the person in whose name this bond is registered
25 as the absolute owner hereof for the purpose of making payment and for all other purposes.

1 This bond is one of a series of bonds designated “City of Santa Fe Net Wastewater Utility
2 System Improvement Revenue Bonds, Series 2018,” of like tenor and date, except as to interest
3 rate, number and maturity, authorized for the purpose of extending, enlarging, bettering, repair
4 and other improvements of the City’s municipally owned wastewater utility system, and paying
5 the costs of issuance of the Bonds (collectively, the “Improvement Project”), as set forth in the
6 Bond Ordinance.

7 This bond is issued pursuant to and in strict compliance with the Constitution and laws of
8 the State of New Mexico.

9 This bond does not constitute an indebtedness of the City within the meaning of any
10 constitutional or statutory provision or limitation, shall not be considered or be held to be a
11 general obligation of the City, and is payable and collectible solely from the Pledged Gross
12 Receipts Tax Revenues pursuant to the Bond Ordinance, which revenues are so pledged; and the
13 holder of this bond may not look to any general or other fund for the payment of the principal and
14 interest on this obligation, except the special funds pledged therefor. Payment of the bonds of the
15 series of which this bond is one and the interest thereon shall be made solely from, and as security
16 for such payment, there are pledged pursuant to the Bond Ordinance special funds identified as
17 the “Pledged Revenues”, defined as revenues of the System net of Operation and Maintenance
18 Expenses, as defined in the Bond Ordinance, in amounts sufficient to pay when due the principal
19 of and the interest on the bonds of the series of which this bond is one. For a description of the
20 funds, the nature and extent of the security afforded thereby for the payment of the principal of
21 and interest on the bonds, and other details concerning the bonds, reference is made to the Bond
22 Ordinance. Additional bonds and other obligations, in addition to the series of which this bond is
23 one, may be issued and made payable from the City’s Pledged Revenues having a lien thereon on
24 a parity with, or junior to the lien of the bonds of the series of which this bond is one, in
25 accordance with the provisions of the Bond Ordinance.

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

4 This bond is subject to the conditions, and every registered owner hereof by accepting the
5 same agrees with the obligor and every subsequent registered owner hereof that the principal of
6 and the interest on this bond shall be paid, and this bond is transferable, free from, and without
7 regard to any equities between the obligor and the original or any intermediate registered owner
8 hereof for any setoffs or cross-claims.

9 It is further certified, recited and warranted that all the requirements of law have been
10 fully complied with by the City Council and officers of the City in the issuance of this bond; and
11 that it is issued pursuant to and in strict conformity with the Constitution and laws of the State of
12 New Mexico, and particularly the terms and provisions of Sections 3-31-1 through 3-31-12,
13 NMSA 1978, as amended, and all laws thereunto enabling and supplemental thereto.

14 This bond shall not be valid or obligatory for any purpose until the Registrar shall have
15 manually signed the certificate of authentication herein.

16 IN WITNESS WHEREOF, the City of Santa Fe has caused this bond to be signed,
17 subscribed, and executed, and attested with the facsimile signatures of its Mayor and its City
18 Clerk, respectively and has caused the facsimile of its corporate seal to be affixed on this bond,
19 all as of the Series Date.

20 CITY OF SANTA FE

21 [(FACSIMILE SEAL)]

By _____ (Facsimile Signature)

22 Mayor

23 ATTEST:

24 By _____ (Facsimile Signature)

25 City Clerk

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(Form of Registrar's Certificate of Authentication)

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

Date of Authentication: ____, 2018

This is one of the bonds described in the within-mentioned Bond Ordinance, and this bond has been duly registered on the registration books kept by the undersigned as Registrar for such Bonds.

BOKF, NA,

Albuquerque, New Mexico, as Registrar

By _____

Authorized Officer

(End of Form of Registrar's Certificate of Authentication)

(Form of Assignment)

ASSIGNMENT

For value received, _____ hereby sells, assigns and transfers unto _____ the within bond and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the books of the Registrar, with full power of substitution in the premises.

Signature Guaranteed:

Name and Address of Transferee

Dated: _____

Social Security Number or other

Tax Identification Number

1 (End of Form of Assignment)

2 (End of Form of Bond)

3 **Section 14. Sale of Bonds and Approval of Documents.** The City hereby agrees to
4 sell the Bonds to the Purchaser in accordance with the Bond Purchase Agreement. The form,
5 terms and provisions of the Bond Purchase Agreement, the Preliminary Official Statement, the
6 Continuing Disclosure Agreement, the Commitment from the Reserve Fund Insurer in the forms
7 heretofore on file with the City Clerk and presented at the meeting, are in all respects approved,
8 authorized and confirmed. The Mayor is authorized and directed, and the City Clerk is
9 authorized and directed to affix the seal of the City to and attest, the Bond Purchase Agreement,
10 the Continuing Disclosure Agreement, the Commitment from the Reserve Fund Insurer, the
11 Preliminary Official Statement, and the final Official Statement in substantially the same form as
12 the Preliminary Official Statement with such changes therein as are not inconsistent with this
13 ordinance and as shall be approved by the Mayor, his execution thereof to constitute conclusive
14 evidence of his approval of any and all changes or revisions thereof from the form now before
15 this meeting. From and after the execution and delivery of the Bond Purchase Agreement and the
16 Continuing Disclosure Agreement, the officers, agents and employees of the City are hereby
17 authorized, empowered and directed to do all such acts and things and to execute all such
18 documents as may be necessary to carry out and comply with the provisions of the Bond Purchase
19 Agreement as executed. The use and distribution of the Preliminary Official Statement and the
20 Official Statement in connection with the sale of the Bonds to the public are hereby authorized
21 and acknowledged.

22 **Section 15. Delivery of Bonds and Registration.** When the Bonds have been duly
23 executed, authenticated, registered and sold, the City Treasurer shall deliver them to The
24 Depository Trust Company on behalf of the Purchaser upon receipt of the agreed purchase price
25 unless otherwise provided in writing by the Purchaser. The Registrar shall initially register the

1 Bonds in the name of “Cede & Co.”

2 **Section 16. Use of Proceeds - Period of Usefulness.** Except as herein otherwise
3 specifically provided, the proceeds derived from the sale of the Bonds shall be used and paid
4 solely for the purpose of the Improvement Project. The Improvement Project is hereby
5 determined to have a period of usefulness of not less than 30 years from the date of this
6 ordinance.

7 **Section 17. Authorization to Execute Related Documents and Delegated**
8 **Authority.**

9 A. Approval of Documents; Ratification. The form, terms and provisions of
10 the Related Documents presented at this meeting, are in all respects approved, authorized and
11 confirmed, with such changes therein not inconsistent with this Ordinance as the Authorized
12 Officers of the City deem necessary or desirable.

13 B. Delegated Authority and Execution of Documents. In addition to the
14 delegation of authority provided in Section 4D hereof, the officers, agents and employees of the
15 City are authorized, empowered and directed to take all action required by this Ordinance, and all
16 such other action as may be necessary or appropriate to effectuate the provisions of this
17 Ordinance, the Related Documents and any other documents as may be necessary or appropriate
18 to carry out and comply with the provisions of this Ordinance.

19 **Section 18. Use of Bond Proceeds; Purchaser Not Responsible.** Except as herein
20 otherwise specifically provided in this Ordinance, the proceeds from the sale of the Bonds shall
21 be used and paid solely for the valid costs of the Improvement Project.

22 A. Acquisition Account. An amount of proceeds received from the sale of
23 the Bonds shall be deposited in the Acquisition Account held by the trustee for the Purchaser and
24 used to pay the costs of the Improvement Project.

25 B. Payment of Costs of Issuance. An amount of proceeds received from the

1 sale of the Bonds shall be used to pay Costs of Issuance, and to the extent not needed to pay Costs
2 of Issuance, shall be deposited in the Series 2018A Bond Fund, as applicable.

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

9 D. Purchaser Not Responsible. The validity of the Bonds is not dependent
10 on nor affected by the validity or regularity of any proceedings related to the completion of the
11 Improvement Project as defined in this Ordinance. The Purchaser of the Bonds, and any
12 subsequent owner of any Bonds, shall in no manner be responsible for the application or disposal
13 by the City or by any officer or any employee or other agent of the City of the moneys derived
14 from the sale of the Bonds or of any other moneys designated in this Ordinance.

15 **Section 19. Income Fund.** So long as any of the Bonds shall be outstanding, either
16 as to principal or interest, or both, the Revenues of the System shall be set aside and deposited
17 monthly into a separate account hereby created and to be known as the “City of Santa Fe
18 Wastewater Utility System Gross Income Fund” (the “Income Fund”).

19 **Section 20. Administration of Income Fund.** So long as any of the Bonds shall be
20 outstanding, either as to principal or interest or both, the following payments shall be made
21 monthly from the Income Fund:

22 A. Operation and Maintenance Expenses. First, as a first charge thereon,
23 there shall from time to time be set aside into and credited to the “City of Santa Fe Wastewater
24 Utility System Operation and Maintenance Fund” (herein in the “Operation and Maintenance
25 Fund”), which is hereby continued, moneys in the Income Fund sufficient to pay Operation and

1 Maintenance Expenses as they become due and payable, and thereupon they shall be promptly
2 paid.

3 B. Bond Fund. Second, subject and subordinate to the provisions of
4 Subsection A of this Section 20, concurrently with and on parity with any monthly deposits for
5 payment of principal and interest on additional Parity Obligations, from any moneys remaining in
6 the Income Fund, there shall be credited to a separate fund hereby created and to be known as the
7 “City of Santa Fe Net Wastewater Utility System Improvement Revenue Bonds, Series 2018,
8 Bond Fund” (herein “Bond Fund”) and, within the Bond Fund, to a “2018 Debt Service Account”
9 the following amounts:

10 (1) Monthly, commencing on the first day of the month immediately
11 succeeding the delivery of the Bonds, an amount in equal monthly installments necessary,
12 together with any moneys therein and available therefor, to pay the next maturing installment of
13 interest on the Bonds then outstanding, and monthly thereafter commencing on that interest
14 payment date one-sixth of the amount necessary to pay the next maturing installment of interest
15 on the outstanding Bonds.

16 (2) Monthly, commencing on the first day of the month immediately
17 succeeding the delivery of the Bonds, an amount in equal monthly installments necessary,
18 together with any moneys therein and available therefor, to pay the next maturing installment of
19 principal on the Bonds then outstanding and monthly thereafter commencing on that principal
20 payment date, one-twelfth of the amount necessary to pay the next maturing installment of
21 principal on the outstanding Bonds.

22 Nothing herein shall prevent the City, in its discretion, from making any of the
23 foregoing deposits from other legally available funds. If, prior to any interest payment date or
24 principal payment date, there has been accumulated in the Bond Fund the entire amount
25 necessary to pay the next maturing installment of interest or principal, or both, the payments

1 required in subparagraph (1) or (2) (whichever is applicable) of this Section 20(B) may be
2 appropriately reduced, and the required monthly amounts shall be credited to such account
3 commencing on such interest payment date or principal payment date (whichever is applicable).
4 The moneys in the Bond Fund are irrevocably and exclusively pledged to the payment of the
5 Bonds.

6 C. Reserve Fund. Immediately upon delivery of the Bonds, from legally
7 available funds of the City, a cash amount of not less than the Reserve Fund Requirement shall be
8 deposited into and credited to a separate fund hereby created to be known as the “City of Santa Fe
9 Net Wastewater Utility System Improvement Revenue Bonds, Series 2018, Reserve Fund” (the
10 “Reserve Fund”) so that the Reserve Fund Requirement is accumulated upon delivery of the
11 Bonds. Any moneys and investments thereof or, in lieu thereof, a Reserve Fund Insurance Policy
12 deposited in the Reserve Fund are irrevocably and exclusively pledged to payment of the Bonds.

13 (1) Thereafter, third and subordinate to the payments required by
14 Subsections A and B of this Section 20 and concurrently with and on parity with the payments
15 required for any monthly reserve fund payments for additional Parity Obligations, there shall be
16 credited monthly to the Reserve Fund, from the moneys in the Income Fund, such cash amount or
17 amounts, if any, as are necessary, taking into account the amount of any Reserve Fund Insurance
18 Policy which may then be applicable, to maintain the Reserve Fund as a continuing reserve in
19 amounts not less than the Reserve Requirement, to meet possible deficiencies in the Debt Service
20 Account. The moneys, if any, and the amount of any Reserve Fund Insurance Policy which
21 hereafter may be acquired in the Reserve Fund shall be accumulated and maintained as a
22 continuing reserve to be used, except as hereinafter provided in Subsections D and E of this
23 Section 20, only to prevent deficiencies in the payment of the principal of and interest on the
24 Bonds hereby authorized resulting from the failure to credit to the Bond Fund sufficient funds to
25 pay the principal and interest as the same become due and payable. Cash amounts in the Reserve

1 Fund which together with the amount of any Reserve Fund Insurance Policy are in excess of the
2 Reserve Fund Requirement shall be withdrawn from the Reserve Fund and transferred to the Debt
3 Service Account.

4 (2) The City may at any time substitute (i) one or more Reserve
5 Fund Insurance Policies for cash or investments therein or (ii) cash or investments thereof for a
6 Reserve Fund Insurance Policy, so long as the amount on deposit in the Reserve Fund after such
7 substitution is at least equal to the Reserve Requirement. In the event the City shall substitute a
8 Reserve Fund Insurance Policy for cash or investments in the Reserve Fund, the amount on
9 deposit in the Reserve Fund shall be that amount available to be drawn or otherwise paid pursuant
10 to such policy at the time of calculation and such cash or investments so withdrawn may be used
11 by the City for any legal purpose.

12 (3) The Reserve Fund Insurance Policy, if acquired by the City, shall
13 be held by the Paying Agent. In the event of a draw upon any Reserve Fund Insurance Policy, the
14 Paying Agent shall deliver a demand for payment in substantially the form required by the
15 Reserve Fund Insurer to be delivered to (and to be received by) the Reserve Fund Insurer not later
16 than the business day prior to the business day on which the funds are required. In the event there
17 is cash in the Reserve Fund at the time of a draw from any Reserve Fund Insurance Policy, such
18 cash (including any investments) shall be drawn down completely before any demand is made on
19 any Reserve Fund Insurance Policy. If the Reserve Fund contains any Reserve Fund Insurance
20 Policy from more than one provider, any draw shall be on a pro-rata basis from both. After such
21 a draw, any available moneys in the Income Fund, concurrently and on parity with the payments
22 in subparagraph (1) of this Subsection C and the payments required to replenish the reserve fund
23 for any additional Parity Obligations, shall be used first to reimburse each such issuer of any
24 Reserve Fund Insurance Policy for such payment of principal of and interest on the Bonds
25 pursuant to the terms of the any agreement relating to such Reserve Fund Insurance Policy so as

1 to reinstate each Reserve Fund Insurance Policy and thereafter to replenish any cash in the
2 Reserve Fund.

3 D. Termination Upon Deposits to Maturity. No payment need be made into
4 the Bond Fund, the Reserve Fund or both if the amount in the Bond Fund and the Reserve Fund
5 (excluding the amount of any Reserve Fund Insurance Policy) total a sum at least equal to the
6 entire amount of the outstanding Bonds herein authorized, both as to principal and interest to their
7 respective maturities and both accrued and not accrued, in which case, moneys in those two funds
8 in amount at least equal to such principal and interest requirements shall be used solely to pay
9 such as the same accrue and any moneys in excess thereof in those funds and any other moneys
10 derived from the operation of the System be used for any other lawful purpose.

11 E. Defraying Delinquencies in Bond and Reserve Fund. If, in any month
12 the City shall, for any reason fail to pay into the Bond Fund the full amount above stipulated from
13 the Net Revenues, then an amount shall be paid into the Bond Fund in such month from the
14 moneys, if any, in the Reserve Fund (including the amount of any Reserve Fund Insurance Policy
15 except that there shall be no draw on any Reserve Fund Insurance Policy except immediately
16 prior to an interest or principal payment date) equal to the difference between the amount paid
17 from Net Revenues and the full amount so stipulated. Moneys used in that manner shall be
18 replaced in the Reserve Fund and any Reserve Fund Insurance Policy Issuer shall be reimbursed
19 for any draw as provided in Subsection C(3) of this Section from the first revenues thereafter
20 received from the operation of the System not required to be otherwise applied. If the City shall,
21 for any reason, fail to pay into the Reserve Fund the full amount above stipulated from the Net
22 Revenues (or to reinstate the Reserve Fund Insurance Policy as provided in Subsection C(3) of
23 this Section), the difference between the amount paid and the amount so stipulated shall in like
24 manner be paid into the Reserve Fund from the first revenues thereafter received from the
25 operation of the System not required to be otherwise applied. The moneys in the Bond Fund and

1 the Reserve Fund (including the amount represented by the Reserve Fund Insurance Policy) shall
2 be used solely and only for the purpose of paying the principal of and the interest on the Bonds
3 issued hereunder; provided, however, that any moneys in the Bond Fund and the Reserve Fund
4 (excluding the amount represented by any Reserve Fund Insurance Policy) in excess of accrued
5 and unaccrued principal and interest requirements to the respective maturities of the outstanding
6 Bonds may be withdrawn and used for any lawful purpose.

7 F. Rebate Fund. There is hereby created a separate account to be known as
8 the “City of Santa Fe Net Wastewater Utility System Improvement Revenue Bonds, Series 2018,
9 Bond Rebate Fund” (the “Rebate Fund”). All of the amounts on deposit in the accounts and
10 funds created and established by this ordinance and all amounts pledged to the payment of debt
11 service for the Bonds shall be invested in compliance with the requirements of Section 26(V)
12 hereof. Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of this
13 Ordinance to the extent such amounts are required to be paid to the United States Treasury.
14 Fourth, and after and subordinate to the payments required by Subsections A through E of this
15 Section 20, but on parity with any rebate fund or account which may be established for any Parity
16 Obligations to which the Net Revenues have been pledged in whole or in part, there shall be
17 transferred into the Rebate Fund from the Income Fund, such amounts as are required to be
18 deposited therein to meet the City’s obligations under the covenant contained in Section 26(V)
19 hereof, in accordance with Section 148(f) of the Tax Code and which have not been deposited
20 into the Rebate Fund from other sources. Amounts in the Rebate Fund shall be used for the
21 purpose of making the payments to the United States required by Section 148(f) of the Tax Code.
22 Any amounts in the Rebate Fund in excess of the amount required to be on deposit therein by
23 Section 148(f) of the Tax Code shall be withdrawn therefrom and deposited into the Income
24 Fund, Bond Fund or the Reserve Fund as may be permitted by law.

25 G. Interest on and Expenses relating to any Reserve Fund Insurance Policy

1 Draws. Fifth, but subordinate and subsequent to the payments required by Subsections A through
2 F of this Section 20, moneys in the Income Fund shall be used to pay interest on amounts
3 advanced under and reasonable expenses relating thereto under any agreement relating to any
4 Reserve Fund Insurance Policy.

5 H. Subordinate Obligations. Sixth, but subordinate to, and after making the
6 payments required by Subsections A through G of this Section 20, any moneys in the Income
7 Fund shall be used to pay principal of, interest on and any reserve fund for obligations payable
8 from the Net Revenues having a lien thereon which is subordinate and junior to the lien of the
9 Bonds.

10 I. Use of Surplus Revenues. Seventh, subordinate to, and after making the
11 payments required to be made by Subsections A through H of this Section 20, and after any
12 payments which may be required by any ordinance or resolution hereafter adopted relating to the
13 payment of additional obligations, the remaining moneys in the Income Fund, if any, may be
14 applied to any other lawful purpose or purposes authorized by the Constitution and laws of the
15 State of New Mexico as the Governing Body may direct.

16 **Section 21. General Administration of Funds.** The funds and accounts designated
17 in Sections 17 through 20 of this Ordinance shall be administered as follows:

18 A. Investment of Money. Any moneys in any fund designated in Sections
19 17 through 20 may be invested in Permitted Investments provided, that investment of amounts in
20 the Reserve Fund shall have maturities of not exceeding five years from the date of their
21 acquisition and their value shall be determined annually at the end of each Fiscal Year. The
22 obligations purchased as an investment of moneys in a particular fund shall be deemed at all
23 times to be part of that fund, and the interest accruing thereon and any profit realized therefrom
24 shall be credited to the fund, and any loss resulting from each investment shall be charged to that
25 fund. The City Treasurer shall present for redemption or sale on the prevailing market any

1 obligations purchased as an investment of moneys in the fund whenever it shall be necessary to
2 do so in order to provide moneys to meet any payment or transfer from such fund.

3 B. Deposits of Funds. The moneys and investments comprising each of the
4 funds and accounts designated in Sections 17 through 20 of this Ordinance shall be held by the
5 City and maintained and kept separate from all other funds and accounts in an Insured Bank or
6 Insured Banks. The amounts prescribed shall be paid to the appropriate funds as specified in
7 Section 20. Each payment shall be made into the proper bank account and credited to the proper
8 fund not later than the last day designated; provided that when the designated date is not a
9 business day, then such payment shall be made on the next succeeding business day. Nothing
10 herein shall prevent the establishment of one such bank account or more (or consolidation with
11 any existing bank account), for all of the funds and accounts in Sections 17 through 20 of this
12 Ordinance.

13 **Section 22. Lien on Net Revenues of the System.** The Bonds constitute an
14 irrevocable and valid lien on the Net Revenues of the System.

15 **Section 23. Additional Bonds and Other Obligations.**

16 A. Limitations Upon Issuance of Parity Obligations. Nothing in this
17 Ordinance shall be construed in such a manner as to prevent the issuance by the City of additional
18 bonds or other obligations payable from the Net Revenues derived from the operation of the
19 System and constituting a lien upon Net Revenues on parity with, but not prior or superior to, the
20 lien of the Bonds herein authorized, nor to prevent the issuance of bonds or other obligations
21 refunding all or a part of the Bonds, provided, however, that before any such additional Parity
22 Obligations are issued, including those Parity Obligations which refund subordinate lien bonds
23 and other subordinate lien obligations (but not including Parity Obligations which refund
24 outstanding Parity Obligations as permitted by Sections 24B(1) and 24D(1) hereof):

25 (1) the City is then current in all of the accumulations then required

1 to be made in the Bond Fund and Reserve Fund (which includes any amount furnished by any
2 Reserve Fund Insurance Policy) pursuant to Section 20 hereof and is then current in any
3 payments to be made to any Reserve Fund Insurer pursuant to any agreement relevant thereto;
4 and

5 (2) either:

6 a. the gross revenues derived from the operation of the
7 System for the Fiscal Year or for any twelve (12) consecutive months out of the twenty-four (24)
8 months immediately preceding the date of the issuance of such additional Parity Obligations (the
9 “Historic Test Period”) shall have been sufficient to pay the annual Operation and Maintenance
10 Expenses for such Historic Test Period and in addition, sufficient to pay an amount representing
11 at least 120% of the maximum annual Principal and Interest Coming Due in any subsequent
12 Fiscal Year on the outstanding Bonds and other outstanding Parity Obligations and the Parity
13 Obligations proposed to be issued (excluding any reserves therefor); or

14 b. (i) the gross revenues derived from the operation of the
15 System for the Fiscal Year or for the Historic Test Period shall have been sufficient to pay the
16 annual Operation and Maintenance Expenses for such Historic Test Period, and in addition,
17 sufficient to pay an amount representing at least 120% of the maximum annual Principal and
18 Interest Coming Due in any subsequent Fiscal Year on only the outstanding Bonds and other
19 outstanding Parity Obligations of the City (excluding any reserves therefor) and (ii) the estimated
20 gross revenues derived from the operation of the System for the twelve months (“succeeding
21 twelve months”) commencing on the first day of the thirty-sixth month following the estimated
22 completion date of the project for which such additional Parity Obligations are proposed to be
23 issued or the first day of the thirty-sixth month following the delivery of such Parity Obligations,
24 whichever is earlier, shall be sufficient to pay the estimated Operation and Maintenance Expenses
25 for such succeeding twelve months and an amount representing at least 120% of the maximum

1 annual Principal and Interest Coming Due in any subsequent Fiscal Year on the outstanding
2 Bonds and other outstanding Parity Obligations of the City and the Parity Obligations proposed to
3 be issued (excluding any reserves therefor).

4 With respect to any Parity Obligations which bear interest at floating or variable rates, the
5 maximum allowable rate under the applicable ordinance or resolution authorizing such Parity
6 Obligations shall be used for purposes of the tests set forth in subparagraph (2) of Subsection A
7 of this Section 23. For purposes of the tests set forth in clauses a and b above, if on the date of
8 issuance of any such Parity Obligations the full amount of a reserve fund requirement or
9 minimum reserve for the Parity Obligations is immediately funded or capitalized from the
10 proceeds of such Parity Obligations (but excluding the amount of any Reserve Fund Insurance
11 Policy), the amount of such reserve fund requirement or minimum reserve so funded shall be
12 deducted from the Principal and Interest Coming Due in the final Fiscal Year for the proposed
13 additional Parity Obligations.

14 B. Adjustment of Expenses and Revenues. In determining whether or not
15 the additional Parity Obligations may be issued as provided in Subsection A of this Section 23:

16 (1) Consideration shall be given to any probable increase or
17 reduction in Operation and Maintenance Expenses that will result from the expenditure of the
18 funds proposed to be derived from the issuance and sale of the Parity Obligations or other
19 obligations; and

20 (2) The revenues of the System shall be increased if any schedule of
21 rate increases shall have been adopted by ordinance, resolution or other appropriate action and
22 shall have become effective (and the time during which a referendum petition, if applicable, with
23 respect to such ordinance, resolution or other appropriate action has expired prior to the issuance
24 of the Parity Obligations), by an amount conservatively estimated to equal the difference between
25 the gross revenues actually received by the City and the gross revenues which the City probably

1 would have received during the Fiscal Year if the last of any such schedule of rate increases had
2 been in effect during the entire Fiscal Year.

3 C. Certification or Opinion of Net Revenues.

4 . A written certification or opinion by the City's Chief Financial Officer, that such Net Revenues,
5 when adjusted as provided in Subsection B of this Section 23, are sufficient to pay the specified
6 amounts, shall be conclusively presumed to be accurate in determining the right of the City to
7 authorize, issue, sell and deliver additional Parity Obligations; provided that a written
8 certification or opinion of a Consulting Engineer as to the estimated completion date of any such
9 project, and the estimated revenues and estimated Operation and Maintenance Expenses for the
10 succeeding twelve months also shall be conclusively presumed to be accurate and the City's
11 Chief Financial Officer may conclusively rely upon such written opinion of the Consulting
12 Engineer in determining the test under (2)(b)(ii) of Subsection A of this Section 23. A written
13 estimate by a Consulting Engineer as to the increase or decrease in Operation and Maintenance
14 Expenses in Subsection B(1) of this Section 23 shall be conclusively presumed to be accurate and
15 the Independent Accountant may conclusively rely thereupon. The adjustment referred to in
16 Subsection B(2) of this Section 23 shall be conclusive and may be relied on by all parties if made
17 in writing by the City's Chief Financial Officer.

18 D. Subordinate Obligations Permitted. Nothing in this Ordinance shall be

19 construed in such a manner as to prevent the issuance by the City of additional bonds or other
20 obligations payable from the Net Revenues of the System and constituting a lien upon the Net
21 Revenues of the System subordinate, inferior and junior to the lien thereon of the Bonds.

22 E. Superior Obligations Prohibited. Nothing in this Ordinance shall be

23 construed so as to permit the City to issue bonds or other obligations payable from the Net
24 Revenues of the System having a lien thereon prior and superior to the Bonds.

25 **Section 24. Refunding Bonds.** The provisions of Section 23 hereof are subject to

1 the following exceptions:

2 A. Privilege of Issuing Refunding Obligations. If at any time after the
3 Bonds or any part thereof shall have been issued and remain outstanding, the City shall find it
4 desirable to refund any outstanding bonds or other outstanding obligations payable from the Net
5 Revenues of the System, such bonds or other obligations, or any part thereof, may be refunded
6 (but only with the consent of the registered owner or owners thereof, unless the bonds or other
7 obligations, at the time of their required surrender for payment (i) shall then mature or (ii) shall
8 then be callable for prior redemption at the City's option), regardless of whether the priority of
9 the lien for the payment of the refunding obligations on the Net Revenues of the System is
10 changed (except as provided in Subsection E of Section 23 and in Subsections B and C of this
11 Section 24).

12 B. Limitations Upon Issuance of Parity Refunding Obligations. No
13 refunding bonds or other refunding obligations payable from the Net Revenues of the System
14 shall be issued on parity with the Bonds herein authorized, unless:

15 (1) The lien on the Net Revenues of the System of the outstanding
16 obligations so refunded is on parity with the lien thereon of the Bonds herein authorized; or

17 (2) The refunding bonds or other obligations are issued in
18 compliance with Subsection A of Section 23 hereof and if applicable, Subsection B of Section 23.

19 C. Refunding Part of an Issue. The refunding bonds or other obligations so
20 issued shall enjoy complete equality of lien with the portion of any bonds or other obligations of
21 the same issue which is not refunded, if any; and the registered owner or owners of such
22 refunding bonds or such other refunding obligations shall be subrogated to all rights and
23 privileges enjoyed by the registered owner or owners of the bonds or other obligations of the
24 same issue refunded thereby.

25 D. Limitations Upon Issuance of any Refunding Obligations. Any

1 refunding bonds or other refunding obligations payable from the Net Revenues of the System
2 shall be issued with such details as the City may provide by ordinance or resolution, subject to the
3 inclusion of any such rights and privileges designated in Subsection C of this Section 24, but
4 without any impairment of any contractual obligations imposed upon the City by any proceedings
5 authorizing the issuance of any unrefunded portion of such outstanding obligations of any one or
6 more issues (including but not necessarily limited to the Bonds authorized herein). If only a part
7 of the outstanding bonds and any other outstanding obligations of any issue or issues payable
8 from the Net Revenues of the System are refunded, then such obligations may not be refunded
9 without the consent of the registered owner or owners of the unrefunded portion of such
10 obligations, unless:

11 (1) The refunding bonds or other refunding obligations do not
12 increase the aggregate annual Principal and Interest coming due in connection both with such
13 refunding obligations and the outstanding obligations not refunded on and prior to the last
14 maturity date of such unrefunded obligations, or

15 (2) The refunding bonds or other refunding obligations are issued in
16 compliance with Subsection A of Section 23 hereof and, if applicable, Subsection B of
17 Section 23, or

18 (3) The lien on the Net Revenues of the System for the payment of
19 the refunding obligations is subordinate to the lien thereon for the payment of any obligations not
20 refunded.

21 **Section 25. Equality of Bonds.** The Bonds authorized to be issued hereunder and
22 from time to time outstanding shall not be entitled to any priority one over the other in the
23 application of the Net Revenues of the System, regardless of the time or times of their issuance, it
24 being the intention of the Governing Body that there shall be no priority among the Bonds
25 regardless of the fact that they may be actually issued and delivered at different times.

1 **Section 26. Protective Covenants.** The City hereby covenants and agrees with each
2 and every registered owner of the Bonds that:

3 A. Use of Bond Proceeds. The City, with the proceeds derived from the
4 sale of the Bonds, will proceed without delay to complete the Improvement Project as herein
5 provided.

6 B. Payment of Bonds Herein Authorized. The City will promptly pay the
7 principal of and the interest on every Bond issued hereunder and secured hereby at the place, on
8 the dates and in the manner specified herein and in the Bonds according to the true intent and
9 meaning hereof. Such principal and interest are payable solely from the Net Revenues to be
10 derived from the operation of, the resultant rates and charges for the use of, and the products and
11 services rendered by, the System, and nothing in the Bonds or in this Ordinance shall be
12 construed as obligating the City to redeem any of the Bonds or to pay the principal thereof or
13 interest thereon from, and the registered owner or owners thereof may not look to, any general or
14 other fund except the income which is pledged under the provisions of this Ordinance.

15 C. Use Charges. Rates for all services rendered by the System to the City
16 and its inhabitants shall be reasonable and just, taking into account and consideration the cost and
17 value of the System and the proper and necessary allowances for the depreciation thereof and the
18 amounts necessary for the retirement of all bonds and other securities or obligations payable from
19 the revenues of the System, accruing interest thereon, and reserves therefor, and there shall be
20 charged against all purchasers of service, including the City, such rates and amounts as shall be
21 adequate to meet the requirement of this and the preceding Sections hereof, and which shall be
22 sufficient to produce Revenues annually to pay the annual Operation and Maintenance Expenses
23 of the System and one hundred twenty per cent (120%) of both the Principal of and Interest on the
24 Bonds and any other Parity Obligations payable annually from the revenues thereof one hundred
25 percent (100%) of both the Principal of and Interest on any obligations constituting a lien upon

1 the Net Revenues of the System subordinate to the lien thereon of the Bonds (in each case,
2 excluding the reserves therefor but including amounts coming due under mandatory sinking fund
3 redemption provisions), all of which revenues, including those received from the City, shall be
4 subject to distribution to the payment of the cost of operating and maintaining the System and the
5 payment of principal (including payments coming due on mandatory sinking fund redemption) of
6 and interest on all obligations payable from the revenues of the System, including reasonable
7 reserves therefor. No free service, facilities nor commodities shall be furnished by the System.
8 Should the City elect to use for municipal purposes the sanitary sewer or other facilities of the
9 System, or in any other manner use the System, or any part thereof, any use of the System by or
10 of the services rendered thereby to the City, or any department, board or agency thereof, will be
11 reimbursed from the City's general fund or other available revenues at the reasonable value of the
12 use so made, or service, facility or commodity so rendered; and all the revenue so derived from
13 the City shall be deemed to be revenues derived from the operation of the System, to be used and
14 accounted for in the same manner as any other income derived from the operation of the System.
15 The City is granted by statute a lien upon each lot or parcel of land in the City for the charges
16 imposed hereunder for water and sewer services supplied by the System to the owner thereof
17 (except as otherwise provided in Section 3-23-6 NMSA 1978), and the City expressly covenants
18 and agrees that it will cause each such lien to be perfected in accordance with the provisions of
19 Sections 3-23-6 and 3-36-1 through 3-36-7 NMSA 1978, as from time to time amended and
20 supplemented, and the City covenants and agrees that it will take all reasonable steps necessary to
21 enforce such lien as to each piece of property the owner of which shall be delinquent for more
22 than six months in the payment of charges imposed hereunder.

23 D. Levy of Charges. The City will forthwith and in any event prior to the
24 delivery of any of the Bonds fix, establish and levy the rates and charges which are required by
25 Subsection C of this Section, if such action be necessary therefor. No reduction in any initial or

1 existing rate schedule for the System may be made unless:

2 (1) The City has fully complied with the provisions of Section 20 of
3 this Ordinance for at least the full Fiscal Year immediately preceding such reduction of the initial
4 rate schedule; and

5 (2) The audit of the Independent Accountant required by Subsection
6 H of this Section 26 for the full Fiscal Year immediately preceding such reduction discloses that
7 the estimated revenues resulting from the proposed rate schedule, after its proposed reduction,
8 will be sufficient to pay an amount at least equal to the annual cost for that period of Operation
9 and Maintenance Expenses, and, in addition, (i) one hundred twenty percent (120%) of both the
10 Principal of and Interest on the Bonds and any other Parity Obligations payable annually from the
11 revenues of the System , and (ii) one hundred percent (100%) of both the Principal of and Interest
12 on any obligations constituting a lien upon the Net Revenues of the System subordinate to the lien
13 thereon of the Bonds (in each case excluding reasonable reserves therefor but including amounts
14 coming due under mandatory sinking fund redemption provisions).

15 E. Efficient Operation. The City will operate the System so long as any of
16 the Bonds herein authorized are outstanding, maintain the System in efficient operating condition
17 and make such improvements, extensions, enlargements, repairs and betterments thereto as may
18 be necessary or advisable to insure its economical and efficient operation at all times and to the
19 extent sufficient to supply public or private demands for service within the City and the territory
20 served by the System.

21 F. Records. So long as any of the Bonds remain outstanding, proper books
22 of record and account will be kept by the City, separate and apart from all other records and
23 accounts, showing complete and correct entries of all transactions relating to the System. Such
24 books shall include (but not necessarily be limited to) monthly records showing:

25 (1) The number of customers separately for the water facilities and

1 sanitary sewer facilities;

2 (2) The revenues separately received from charges by classes of
3 customers, including but not necessarily limited to classification by water facilities and sanitary
4 sewer facilities; and

5 (3) A detailed statement of the expenses of the System.

6 G. Right to Inspect. Any registered owner of any of the Bonds, or any duly
7 authorized agent or agents of such registered owner, shall have the right at all reasonable times to
8 inspect all records, accounts and data relating thereto and to inspect the System and all properties
9 comprising the System.

10 H. Audits. The City further agrees that, except where the State Auditor of
11 the State of New Mexico performs the audit or where the due date for the audit has been
12 postponed as may otherwise be required by the State Auditor or any other state office or agency
13 with appropriate authority, it will, within 270 days following the close of each Fiscal Year, cause
14 an audit of such books and accounts to be made by an Independent Accountant, showing the
15 receipts and disbursements for the account of the System, and that such audit will be available for
16 inspection by any registered owner of any of the Bonds, provided that where the State Auditor
17 performs the audit or the audit has been postponed as aforesaid so that the audit is not available
18 until more than 270 days following the close of the Fiscal Year, the City will use its best efforts to
19 have the audit completed as soon as possible following the close of the Fiscal Year. All expenses
20 incurred in the making of the audits and reports required by this Section shall be regarded and
21 paid as an operation and maintenance expense. The City agrees to furnish forthwith a copy of
22 each of such audits and reports as may be provided in the Continuing Disclosure Agreement.

23 I. Billing Procedure. All bills for water, water service or facilities, sewer
24 service or facilities, or any combination thereof, furnished or served by or through the System
25 shall be rendered to customers on a regularly established basis in each and every month either

1 monthly in advance or in the month next succeeding the month in which the service was rendered
2 and shall be due within 20 days from the date rendered; and in the event that any bill is are not
3 paid within 35 days after the date when rendered, water and water service shall be discontinued,
4 except as otherwise provided by law, and the rates and charges due shall be collected in a lawful
5 manner, including but not limited to the cost of disconnection and reconnection. Water charges
6 and sewer charges may be billed jointly with each other; provided that each joint bill shall show
7 separately water and sewer charges.

8 J. Use of Bond Fund and Reserve Fund. The Bond Fund and the Reserve
9 Fund shall be used solely and only for the purposes set forth in Subsections B, C, D, and E of
10 Section 20 hereof.

11 K. Charges and Liens upon System. From the Revenues of the System, the
12 City will pay all taxes and assessments or other municipal or governmental charges, if any,
13 lawfully levied, assessed upon or in respect to the System, or any part thereof, when the same
14 shall become due, and it will duly observe and comply with all valid requirements of any
15 municipal or governmental authority relative to any part of the System. The City will not create
16 or suffer to be created any lien or charge upon the System or upon the Revenues therefrom except
17 as permitted by this ordinance, or it will make adequate provisions to satisfy and discharge within
18 sixty days after the same shall accrue, all lawful claims and demands for labor, materials, supplies
19 or other objects, which, if unpaid, might by law become a lien upon the System or upon the
20 Revenues therefrom; provided, however, that nothing herein shall require the City to pay or cause
21 to be discharged, or make provision for any such tax assessment, lien or charge before the time
22 when payment thereof shall be due or so long as the validity thereof shall be contested in good
23 faith by appropriate legal proceedings.

24 L. Insurance. The City in its operation of the System will carry fire and
25 extended coverage insurance, and other types of insurance in such amounts and to such extent as

1 is normally carried by municipal corporations operating public utilities of the same type
2 including, but not limited to self-insurance and self-insurance pools. The cost of such insurance
3 shall be considered as one of the Operation and Maintenance Expenses of the System. In the
4 event of property loss or damage, insurance proceeds shall be used first for the purpose of
5 restoring or replacing the property lost or damaged, and any remainder shall be treated as Net
6 Revenues of the System, and shall be subject to distribution in the manner provided in Section 20
7 hereof, for Net Revenues derived from the operation of the System.

8 M. Competing System. As long as any of the Bonds hereby authorized are
9 outstanding and to the extent permitted by law, the City shall not grant any franchise or license to
10 a competing system, nor shall it permit during that period (except as it may legally be required to
11 do so) any person, association, firm or corporation to sell water, water service or facilities, or
12 sanitary sewer service or facilities, to any consumer, public or private, within the City, except that
13 nothing herein shall prevent the sale of bottled water by other persons, associations, firms or
14 corporations.

15 N. Alienating System. The City will not sell, lease, mortgage, pledge, or
16 otherwise encumber, or in any manner dispose of, or otherwise alienate, the System, or any part
17 thereof, including any and all extensions and additions that may be made thereto, until all the
18 Bonds shall have been paid in full, both principal and interest, or there has been defeasance as
19 provided in Section 27 hereof or unless provision has been made therefor, except that the City
20 may sell any portion of such property which shall have been replaced by other property of at least
21 equal value, or which shall cease to be necessary for the efficient operation of the System, but in
22 no manner nor to such extent as might prejudice the security for the payment of the Bonds,
23 provided, however, that in the event of any sale, the proceeds thereof shall be distributed as Net
24 Revenues of the System in accordance with the provisions of Section 20 hereof.

25 O. Extending Interest Payments. In order to prevent any accumulation of

1 claims for interest after maturity, the City will not directly or indirectly, extend or assent to the
2 extension of the time for payment of any claim for interest on any of the Bonds, and it will not
3 directly or indirectly be a party to or approve any arrangement for any such extension or for the
4 purpose of keeping alive any of the interest and in case the time for payment of any such interest
5 shall be extended, such installment or installments of interest after such extension or arrangement
6 shall not be entitled in case of default hereunder to the benefit or security of this Ordinance
7 except subject to the prior payment in full of the principal of all Bonds then outstanding, and of
8 matured interest on such Bonds the payment of which has not been extended.

9 P. Surety Bonds. Each municipal official or other person having custody of
10 any funds derived from operation of the System, or responsible for their handling, shall be
11 bonded at all times, which bond shall be conditioned upon the proper application of the funds.
12 The cost of each such bond shall be considered an operating cost of the System.

13 Q. Competent Management. The City shall employ or contract for
14 experienced and competent management personnel for each component of the System. In the
15 event of (i) default on the part of the City in paying principal of or interest on the Bonds promptly
16 as each becomes due, (ii) failure of the City to perform any covenants (other than with respect to
17 payment of principal and interest on the Bonds as provided in this Ordinance or with respect to
18 continuing disclosure) which failure shall continue for a period of sixty days, or (iii) failure of the
19 Net Revenues of the System in any Fiscal Year to equal at least the amount of the principal of and
20 interest on the revenue bonds and other obligations (including all reserves therefor specified in
21 the authorizing proceedings, including but not limited to this Ordinance) payable from Net
22 Revenues in that Fiscal Year, the City shall retain a firm of competent Consulting Engineers
23 skilled in the operation of water and sanitary sewer systems to assist the management of the
24 System so long as such default continues or the Net Revenues are less than the amount specified
25 in this Subsection Q. Nothing herein shall prevent the City from contracting with persons or

1 private entities to manage or operate the System or any part thereof.

2 R. Performing Duties. The City will faithfully and punctually perform all
3 duties with respect to the System required by the Constitution and laws of the State of New
4 Mexico and the ordinances and resolutions of the City, including but not limited to the making
5 and collecting of reasonable and sufficient rates and charges for services rendered or furnished by
6 the System as provided in this Ordinance, and the proper segregation of the revenues of the
7 System and their application to the respective funds.

8 S. Other Liens. Other than as provided by this Ordinance, there are no liens
9 or encumbrances of any nature, whatsoever, on or against the System or the Revenues derived or
10 to be derived from the operation of the same.

11 T. Completion Bonds. In order to insure the completion of the
12 Improvement Project, and to protect the registered owner or owners of the Bonds, the City will
13 require that the contractor to whom is given any contract for construction appertaining to the
14 Improvement Project supply a completion bond or bonds satisfactory to the City, and that any
15 sum or sums derived from the completion bond or bonds shall be used within six months after
16 such receipt for the completion of the Improvement Project, and if not so used within such period,
17 shall be placed in and be subject to the provisions of the Income Fund provided for herein.

18 U. City's Existence. The City will maintain its corporate identity and
19 existence so long as any of the Bonds herein authorized remain outstanding unless another
20 political subdivision by operation of law succeeds to the duties, privileges, powers, liabilities,
21 disabilities, immunities and rights of the City and is obligated by law to receive and distribute the
22 Revenues of the System in place of the City, without affecting to any substantial degree the
23 privileges and rights of any registered owner of any outstanding Bonds.

24 V. Tax Covenant. The City covenants for the benefit of the owners of the
25 Bonds that it will not take any action or omit to take any action with respect to the Bonds, the

1 proceeds thereof, any other funds of the City or any facilities financed with the proceeds of the
2 Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion
3 from gross income for federal income tax purposes under Section 103 of the Tax Code or
4 (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable
5 income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is
6 required to be included in the adjusted current earnings adjustment applicable to individuals
7 under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income.
8 The foregoing covenant shall remain in full force and effect notwithstanding the payment in full
9 or defeasance of the Bonds until the date on which all obligations of the City in fulfilling the
10 above covenant under the Tax Code have been met.

11 **Section 27. Defeasance.** When all principal, any applicable prior redemption
12 premium (if any) and interest due on the Bonds have been duly paid, the pledge and lien and all
13 obligations hereunder shall thereby be discharged and the Bonds shall no longer be deemed to be
14 outstanding within the meaning of this Ordinance. There shall be deemed to be such due
15 payment as to any Bond when the City has placed in escrow and in trust with a commercial bank
16 or trust company located within or without the State of New Mexico and exercising trust powers,
17 a cash amount sufficient (including the known minimum yield from Federal Securities in which
18 all or a portion of such amount may initially be invested) to meet all requirements of principal,
19 interest and any applicable prior redemption premium (if any) as the same become due to its
20 maturity date or prior redemption date as to which the City shall have exercised or obligated itself
21 to exercise its option to call such Bond. The Federal Securities shall become due prior to the
22 respective times on which the proceeds thereof shall be needed, in accordance with a schedule
23 established and agreed upon between the City and such bank or trust company at the time of the
24 creation of the escrow or the Federal Securities shall be subject to the redemption at the option of
25 the holders thereof to assure such availability as so needed to meet such schedule. Federal

1 Securities within the meaning of this Section 27 shall include only direct obligations of, or
2 obligations the principal of and interest on which are unconditionally guaranteed by the United
3 States of America and which are not callable prior to maturity by the issuer of such obligations.

4 **Section 28. Delegated Powers.** The officers of the City are hereby authorized and
5 directed to take all action necessary or appropriate to effectuate the provisions of this ordinance,
6 including, without limiting the generality of the foregoing, a reimbursement agreement required
7 in connection with the Reserve Fund Insurance Policy, if applicable, the printing and reprinting of
8 the Bonds, the original and (if necessary) subsequent delivery to the Registrar of a number (as
9 determined by the responsible officer) of fully or partially executed Bonds to be held by the
10 Registrar for use as herein provided, the acquisition of a Reserve Fund Insurance Policy, the
11 execution by the Mayor and City Clerk or their designees, of the Bond Purchase Agreement, the
12 Continuing Disclosure Agreement, and final Official Statement in substantially the forms
13 presented at the meeting at which this ordinance is adopted subject to such changes, corrections
14 and additions as they may determine and such other certificates as may reasonably be required by
15 the Purchaser.

16 **Section 29. Events of Default.** Each of the following events is hereby declared an
17 “event of default”:

18 A. Nonpayment of Principal. If payment of the principal and optional
19 redemption premium, if applicable, of any of the Bonds shall not be made when the same become
20 due and payable, either at maturity, or by proceedings for optional redemption, or otherwise; or

21 B. Nonpayment of Interest. If payment of any installment of interest shall
22 not be made when the same becomes due and payable or within 30 days thereafter; or

23 C. Incapable to Perform. If the City shall for any reason be rendered
24 incapable of fulfilling its obligations hereunder; or

25 D. Default of Any Other Provision. If the City shall default in the due and

1 | punctual performance of its covenants or conditions, agreements and provisions contained in the
2 | Bonds or in this Ordinance on its part to be performed other than with respect to payment of
3 | principal, any prior redemption premium or interest on the Bonds and other than with respect to
4 | continuing disclosure, and if such default shall continue for 60 days after written notice
5 | specifying such default and requiring the same to be remedied shall have been given to the City
6 | by the registered owners of at least 25% in principal amount of the Bonds then outstanding.

7 | **Section 30. Remedies of Defaults.** Upon the happening and continuance of any of
8 | the events of default as provided in Section 29 of this ordinance, then and in every case the
9 | registered owner or owners of not less than 25% in principal amount of the Bonds then
10 | outstanding, including but not limited to a trustee or trustees therefor, may proceed against the
11 | City, its Council, and its agents, officers and employees to protect and enforce the rights of any
12 | registered owner of Bonds under this Ordinance by mandamus or other suit, action or special
13 | proceedings in equity or at law, in any court of competent jurisdiction, either for specific
14 | performance of any covenant or agreement contained herein or in an award or execution of any
15 | power herein granted for the enforcement of any power, legal or equitable remedy as such
16 | registered owner or owners may deem most effectual to protect and enforce the rights aforesaid,
17 | or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any
18 | registered owner, or to require the Council of the City to act as if it were the trustee of an
19 | expressed trust, or any combination of such remedies. All such proceedings at law or in equity
20 | shall be instituted, had and maintained for the equal benefit of all registered owners of the Bonds
21 | then outstanding. The failure of any such registered owner so to proceed shall not relieve the City
22 | or any of its officers, agents or employees of any liability for failure to perform any duty. Each
23 | right or privilege of any registered owner (or trustee thereof) is in addition and cumulative to any
24 | other right or privilege, and the exercise of any right or privilege by or on behalf of any registered
25 | owner shall not be deemed a waiver of any other right or privilege thereof.

1 **Section 31. Duties Upon Default.** Upon the happening of any of the events of
2 default as provided in Section 29 hereof, the City, in addition, will do and perform all proper acts
3 on behalf of and for the registered owners of the Bonds to protect and preserve the security
4 created for the payment of the principal of and interest on the Bonds promptly as the same
5 become due. All proceeds derived from the Net Revenues of the System, so long as any of the
6 Bonds herein authorized, either as to principal or interest, are outstanding and unpaid, shall be
7 paid into the Bond Fund and used for the purposes therein provided. In the event the City fails or
8 refuses to proceed as in this Section provided, the registered owner or registered owners of not
9 less than 25% in principal amount of the Bonds then outstanding, after demand in writing, may
10 proceed to protect and enforce the rights of the registered owners as provided in this Ordinance.

11 **Section 32. Amendment.** This Ordinance may be amended or supplemented by
12 ordinance adopted by the Council in accordance with the laws of the State of New Mexico, as
13 follows:

14 A. Without Consent of the Registered Owners. The City, without the
15 consent of or notice to the registered owners of the Bonds, may adopt an ordinance supplemental
16 hereto (which supplemental ordinance shall thereafter form a part hereof) for any one or more or
17 all of the following purposes:

18 (1) To add to the covenants and agreements in this Ordinance
19 contained other covenants and agreements thereafter to be observed for the protection or benefit
20 of the registered owners of the Bonds; or

21 (2) To cure any ambiguity, to cure, correct or supplement any defect
22 or inconsistent provision contained in this ordinance, or to make any provision with respect to
23 matters arising under this Ordinance or for any other purpose if such provisions are necessary or
24 desirable and do not adversely affect the interests of the owners of the Bonds; or

25 (3) To subject to this Ordinance additional revenues, properties or

1 collateral; or

2 (4) In connection with the issuance of Parity Obligations or
3 Refunding Bonds pursuant to the terms of this Ordinance.

4 B. With Consent of the Registered Owners. The City, without receipt by
5 the City of any additional consideration but with the written consent of the registered owners of
6 75% of the Bonds outstanding at the time of the adoption of such amendatory or supplemental
7 ordinance also may amend this Ordinance in any other manner not permitted by Subsection A of
8 this Section 32; provided, however, that no such ordinance shall have the effect of permitting an
9 extension of the maturity of any Bond authorized by this ordinance; or

10 (1) A reduction in the principal amount of any Bond, the rate of
11 interest thereon; or

12 (2) The creation of a lien upon or pledge of Net Revenues ranking
13 prior to the lien or pledge created by this ordinance; or a reduction of the principal amount of
14 Bonds required for consent to such amendatory or supplemental ordinance; or the establishment
15 of priorities as between Bonds issued and outstanding under the provisions of this Ordinance.

16 **Section 33. Continuing Disclosure.** For the benefit of the owners of the Bonds
17 (including beneficial owners), the City will enter into and comply with all of the provisions
18 of the Continuing Disclosure Agreement; provided, however, that the Continuing Disclosure
19 Agreement may be amended from time to time in accordance with its terms and without
20 action by the Council, the City approval of any such amendment to be evidenced by the
21 signature of the Mayor or, in the absence of the Mayor, the Mayor's designee.
22 Notwithstanding any other provisions of this ordinance, failure of the City to comply with
23 the Continuing Disclosure Agreement shall not be considered an "event of default" under
24 Section 29 hereof, and holders and beneficial owners of Bonds shall be entitled to exercise
25 only such rights with respect thereto as are provided in the Continuing Disclosure

1 Agreement.

2 **Section 34. Enforcement.** Any registered owner of any Bond or Bonds, may,
3 either by law or in equity, by suit, action, mandamus or other appropriate proceedings in any
4 court of competent jurisdiction enforce the payment of and interest on any Bond on or after
5 the date on which such payment is due, and may by suit, action, mandamus or other
6 appropriate proceeding or proceedings enforce and compel the performance of such payment
7 in accordance with the provisions of this Ordinance.

8 **Section 35. Severability.** If any section, paragraph, clause or provision of this
9 Ordinance shall be held to be invalid or unenforceable, the invalidity or unenforceability of such
10 section, paragraph, clause or provision shall not affect any of the remaining provisions of this
11 Ordinance.

12 **Section 36. Repealer Clause.** All ordinances or parts of ordinances inconsistent
13 herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be
14 construed to revive any ordinance or part of any ordinance heretofore repealed.

15 **Section 37. Ordinance Irrepealable.** After any of the Bonds herein authorized are
16 issued, this Ordinance shall be and remain irrepealable until the Bonds and interest thereon shall
17 be fully paid, canceled and discharged as therein provided, or there has been defeasance as
18 provided in Section 27 hereof.

19 **Section 38. Recording, Authentication and Effective Date of Ordinance.** This
20 Ordinance shall be recorded in the ordinance book of the City kept for that purpose, and be
21 authenticated by the signature of the Mayor, as presiding officer of the City, and by signature of
22 the City Clerk. This Ordinance shall be effective five (5) days after its title and general summary
23 thereof (as set forth in Section 39 hereof) has been published in the *Santa Fe New Mexican*, a
24 newspaper published in and maintaining an office in, and having local and general circulation in
25 the City.

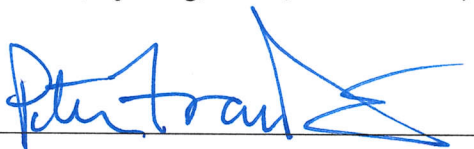
1 CONDITIONS OF THE BONDS, THE METHOD OF PAYING THE PRINCIPAL OF
2 AND INTEREST ON THE BONDS AND THE SECURITY THEREFOR; PRESCRIBING
3 OTHER DETAILS CONCERNING THE SYSTEM REVENUES, BONDS AND THE
4 SYSTEM, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN
5 CONNECTION THEREWITH AND WITH FUTURE FINANCING THEREFOR;
6 APPROVING FORMS OF A PRELIMINARY OFFICIAL STATEMENT AND A
7 CONTINUING DISCLOSURE AGREEMENT IN CONNECTION WITH THE BONDS;
8 DELEGATING AUTHORITY TO THE MAYOR, CITY MANAGER, AND FINANCE
9 DIRECTOR OF THE CITY TO DETERMINE THE EXACT PRINCIPAL AMOUNTS,
10 MATURITY DATES, INTEREST RATES, PRICES, REDEMPTION FEATURES AND
11 OTHER FINAL TERMS OF THE BONDS PURSUANT TO A FINAL TERMS
12 CERTIFICATE; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION
13 THEREWITH; AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

14 A summary of the subject matter of this Ordinance is contained in its title. This notice
15 constitutes compliance with Section 6-14-6 NMSA 1978.

16 (End of Form of Notice of Adoption of Ordinance)

17
18 APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

19 Modrall, Sperling, Roehl, Harris & Sisk, P.A. as Bond Counsel

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22 PETER FRANKLIN
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AN ABSTRACT OF PROCEEDINGS

STATE OF NEW MEXICO)

) ss.

COUNTY OF SANTA FE)

The Governing Body (the "Governing Body") of the City of Santa Fe (the "City") in the County of Santa Fe, State of New Mexico, met in special session in full conformity with law and ordinances and rules of the City, at City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico, being the regular meeting place of the Governing Body, at the hour of ___ p.m., on Wednesday, the ___ day of _____, 2018.

Upon roll call the following were found to be present, constituting a quorum of the Governing Body:

- | | | |
|----------|------------|-------|
| PRESENT: | Mayor: | _____ |
| | Councilor: | _____ |
| | Councilor: | _____ |
| | Councilor: | _____ |
| | Councilor: | _____ |
| | Councilor: | _____ |
| | Councilor: | _____ |
| | Councilor: | _____ |
| | Councilor: | _____ |
| | Councilor: | _____ |
| ABSENT: | | _____ |

Thereupon the following proceedings, among others, were had and taken: